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# The League's Business

### *League Conference Dates Set*

The League's Forty-fifth National Conference on Government will be held at Indianapolis on November 16th, 17th, and 18th. Please keep these dates open. Full announcement of the subjects to be discussed will be made in next month's issue of the REVIEW.

### *The League Expands Its Program*

An experimental research program devoted to the study of the relationship of citizens to government will be initiated this month by Indiana University in coöperation with the National Municipal League, with headquarters on the Bloomington campus of the University.

The project is the result of negotiations, ranging over the past several months, between the secretary of the League and President Herman B. Wells of the University. Professor Roy V. Peel, former head of the Division of Public Administration of New York University, has secured a leave of absence from the New York institution in order to take over the directorship of the Indiana-League program. Dr. Peel will hold the rank of professor in the Indiana University Department of Government, and will be assisted in his research and field work by graduate students working for the master's degree or the doctorate. A limited number of fellowships will be given by the university to selected students.

The new research program is designed to cover a neglected but vital sector of the science of state and local government: the question of control of the governmental machine by the citizenry whom it is established to serve. The purpose of the program is to study this question and to examine the processes involved in order to throw new light on practical problems of democracy.

The state of Indiana will be used as a laboratory for the project, and coöperation with civic organizations working toward the improvement of local government is contemplated. The National Municipal League will make source material available from its files and will publish any studies of the research project that are deemed of national significance.

Professor Peel, the director of the program, is known as a pioneer in the realistic study of political organization. His book on *The Political Clubs of New York City* was the first of its kind. He was born in Des Moines, Iowa, and received his A.B. from Augustana College in Illinois. The University of Chicago granted him the Ph.D. Dr. Peel was the first chairman of the New York City Fusion party which was responsible for the election of Mayor Fiorella H. LaGuardia. Subsequently, on leave of absence from New York University during 1933-35, he studied municipal government and the coöperative movement in Sweden on a two-year fellowship awarded him by the Rockefeller Foundation.

HOWARD P. JONES, *Secretary*

# National Municipal Review

## Editorial Comment

### Councilmen—the Key to the Situation

IN A democracy no form of government can be automatic. If the people of any community are indifferent when local elections fall due they are virtually asking for indifferent or bad government.

The voters of any city will get just as good government as they demand and just as bad government as they will tolerate. This has been proved time and again in places where only 30 to 50 per cent of the qualified voters are sufficiently interested to bother to go to the polls.

By and large, the council-manager form of local government has a splendid record of accomplishment. But its most significant contribution to the cause of genuine democracy is found in the fact that, in almost every instance, its adoption has been accompanied by a revival of a civic spirit all too frequently lacking in the American scene.

Simple form, short ballot, and centralization of responsibility are factors which contribute heavily to the public understanding and interest which produce this important condition.

The key to the whole situation in the council-manager plan is the popularly elected council, as it should be in a democracy. The council enacts all local laws and determines all matters of policy. It appoints and may remove the manager, whose duty it is to carry out the policy as determined by the council.

If the fundamental importance of the council is kept in mind, it is easy to see why the council must be thoroughly representative of the population and of as high calibre as can possibly be elected.

To this end, it has been proposed that candidates for council shall possess more substantial qualifications than mere vote-getting talent or at least that their availability be judged by having a yardstick with which to measure them. One local citizens' group[1] has drawn up and another has subsequently endorsed the following list of qualifications:

*First*: He shall be honest and honorable in all matters, private and public.

*Second*: He shall be sincerely devoted to serving the best interests and welfare of the entire city and all the citizens, rather than some group or section.

*Third*: He shall be an enthusiastic supporter of nonpartisan and non-patronage council-manager government, in which the council determines policies and enacts legislation, and delegates the administration to the city manager and his appointees, chosen only on basis of merit.

*Fourth*: He shall be unqualifiedly committed to the principle of "Equal rights for all and special privileges for none."

*Fifth*: He shall actively support the principles of civil service and its administration to the end that favoritism of every kind may be eliminated and the selection, promotion, and retention of city employees may be determined solely upon the basis of merit and ability.

*Sixth*: He shall devote sufficient time to his duties as councilman to become acquainted with the affairs and business of the city government so that he may exercise an intelligent and independent judgment in the consideration of its problems and policies.

*Seventh*: He shall coöperate in the

[1]City Manager League of Toledo.

formulation and execution of a long range plan for public improvements and services, designed to provide the greatest possible benefits for all the citizens.

*Eighth*: He shall at all times insist upon the strict enforcement of law, without favor or discrimination, to the end that crime and vice may be reduced to a minimum.

*Ninth*: Finally, he shall possess sound judgment and ability, be independent in thought and action, yet open-minded and considerate, free from any selfish influence, have courage to fight for right and principle, and be willing to coöperate with others to serve all the people at all times.

Here we have at least an incipient tool which should serve the two paramount purposes of emphasizing the importance of the council in the council-manager set-up and encouraging voters to choose more intelligently between the candidates.

The NATIONAL MUNICIPAL REVIEW invites comments, criticisms, and contributions on this subject from its readers.

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## Wanted: A Substitute for the Cracker Barrel

THERE are several outstandingly worthwhile efforts in this country to promote discussion of public affairs. Almost without exception, however, they confine themselves to broad questions of international or national affairs or, when they get a little closer to home, concentrate on harmless subjects like hobbies, pets, etc.

Of course, international affairs are important and need plenty of discussion—not that very many of us will ever know the real story behind the nightmarish events of today until some gimlet-eyed, debunking historian prowls through the secret papers a couple of generations hence.

But why must these otherwise constructive groups continually shy away from questions of local government? It must be because such questions are likely to be controversial, for surely there is no doubt about their tremendous importance. All national political organizations and, indeed, the whole tone of our civic morality have their roots and their controlling forces in our villages, towns, cities, and counties.

The single most important reason for local misgovernment and corruption, of which there has been more than enough in recent years, is found in the lack of popular understanding and interest in local government. In city after city, especially in those most noted for bad government, we find only 30 to 50 per cent of the qualified voters bothering to go to the polls, definitely indicating a lack of understanding of important local issues which affect them much more directly and closely than do most international or national situations. Of a piece with this is the fact that the well informed among our thousands of college graduates each year are posted on international and national affairs, about which they can do virtually nothing, and are almost totally unaware of local civic problems, about which they can do a great deal and in which they have every obligation to be constructive leaders.

There is evidence in every direction that this indifference is gradually destroying government at the

(Continued on Page 625)

# Wine from the "Grapes of Wrath"

By SAMUEL E. WOOD, *Bureau of Public Administration, University of California, Berkeley*

***New federal camps demonstrate possibilities for improving living conditions of "dust bowl" migrants; but available facilities can satisfy housing demands of only a few of the needy "Joads."***

THE recent influx of depression migrants and "Dust Bowl" refugees into California has magnified a social problem that has been developing in the state for the past thirty years.

The sordid housing conditions of agricultural labor first received statewide attention with the death of four persons in the Wheatland Hop Riots of 1913. A state investigation proved that the chief cause of the strikes and rioting that followed was the insulting housing condition of the labor camp. Yet, after a lapse of twenty-five years, the 1913 description of the squalid camps of burlap and old lumber, open garbage pits, infected wells, and the lack of the most elementary sanitary facilities might well portray the conditions under which thousands of migrant families now live in California.

These families are part of the great army of migrant workers that travels thousands of miles each cropping season to meet the demands of a capitalistic, highly mechanized industry.

California's intensive crops, now forming four-fifths of her total crops, last year amounted to approximately half a billion dollars. She produces nearly half of the nation's fresh fruit, practically all of its dried fruit, 70 per cent of its canned food, and 33 per cent of its truck crop. From the great industrialized farms of California's irrigated valleys, crops roll to market each month of the year. Over one-third of all the large scale farming units in the nation are located in California. Less than one-tenth of all the farms in California produce a crop value equal to more than $10,000 each per year, but these large growers account for more than half the total crop value. Two per cent of California farms, constituting one-fourth of the acreage, produce nearly one-third of the crop value and pay one-third of the bill for hired labor.[1]

Naturally, California's "field factories" have determined the character of agricultural labor. The traditional "hired man" relationship has given way to a dispossessed proletariat consisting of thousands of migrants who follow the harvests from Imperial Valley through the San Joaquin to the far reaches of the Sacramento Valley and climb the Pacheco Pass into the fertile areas of Hollister and Gilroy. Due to the "slack" and "rush" seasons in the irrigated valleys, labor demands are intermittent. As an extreme example, only 30 regular employees may be required on a 2,000-acre peach farm, but 200 to 250

AUTHOR'S NOTE:—The author is indebted to Professor Charles Aikin, Department of Political Science, University of California, for aid in the preparation of this manuscript for publication.

[1]Testimony of Paul Taylor, U. S. Congress, Senate, 75th Congress, 3rd Session, Special Committee to Investigate Unemployment and Relief. Hearings. March 14, 1938. p. 1603.

men are added during the pruning season, 700 are needed for thinning, and 1000 more are necessary for picking. The peak labor requirements in Southern California occur in May, September, and October; in the San Joaquin, the period of greatest employment is in the months of August and September, while the peak season in the Sacramento Valley comes in April and May. The average family travels over 500 miles a year following the crops, and 28 per cent go over 1,000 miles in an attempt to make a living by piecing together short periods of employment. The expense incident to this ceaseless migration is the first claim upon an average family's earnings of approximately $400 per year.

While some of the ranchers maintain organized private camps adequate for the housing needs of their migrant workers, many transient families, both in and out of cropping season, actually live in squatters' camps beyond the inspection of city housing departments. Most of the counties make no provision for housing inspection. Moving migrants away would merely spread infection, and the county sheriffs and health departments that normally have jurisdiction are reluctant to act. The California Commission of Immigration and Housing, charged by statute with the inspection of labor camps and auto camps, has had its effectiveness cut by decreased appropriation. The result is that, in spite of the increase in migratory families, labor camp inspections in the state dropped from 2,050 in 1932 to 1,165 in 1937. In the same period, auto camp inspection fell from 1963 to 710.

The labor demands of the agricultural industry of California have been met successively by Chinese, Japanese, Filipino, Mexican, and, finally, the native depression migrants and victims of the Dust Bowl. "Blown out, baked out, and broke," these farmers and laborers stream west in a motley collection of battered cars filled with children, dirty bedding, blackened cooking utensils, and remnants of household furniture. A large proportion of the 250,000 persons belonging to parties "in need of manual employment" who entered the state by motor vehicle, according to a border count of the California Department of Agriculture, are destined to join the great army of California migrants. The causes of the migrant problem illustrate its national character better than any other single factor. The depression migrants of 1932 and 1933 were the result of a nation-wide paralysis, and the recent flood of immigrants from the Dust Bowl is the culmination of the near-sightedness and wastefulness of generations.

### A NATIONAL PROBLEM

The national character of the migrant problem has been recognized by the federal government through its establishment of migrant housing projects in the leading agricultural centers of California. The program of migrant housing is under the supervision of the Farm Security Administration of the United States Department of Agriculture. Twelve camps are now in operation accommodating 2,300 families, or a total camp population of approximately 10,000. In spite of the fact that these camps are located predominantly in the great irrigated valleys where labor demands

are the most intense during the cropping season, they by no means satisfy the total housing demands of the transient families. Many times more families are turned away than are actually accommodated.

FEDERAL CAMPS ERECTED

Consequently, federal camps for the most part merely demonstrate what can be done to improve the living conditions of migratory agricultural workers. These camps have been arranged in an orderly fashion depending on the terrain and contours of the land. Streets have been so constructed and tent platforms so located as to give the occupants of each tent easy access to the streets. The platforms, laid about thirty feet apart, are built in groups of forty about a community facility building. Each facility unit is also provided with a suitable number of concrete platforms for house-trailers. Camp facilities recognize that workers' employment depends upon their mobility. Consequently, each camp contains the necessary provisions for repairing and greasing automobiles and trailers. All roads and tent approaches are well surfaced and graded for drainage.

Buildings in each camp include a utility building, an isolation unit, a "delousing unit," an assembly room and nursery, a first aid room and clinic, a garage pergola, a grease rack, an office and living quarters for the manager, warehouse, pumphouse, hose cart shed, incinerator, shower baths, and sanitary units. Laundry units, clothes lines, and a sewing unit are also provided. Library facilities are provided through the combined effort of the camp management and the nearest county library. Recreation units where children may play and adults may enjoy athletic contests are a part of each camp.

In each group of tents is located a sanitary unit or utility building with both men's and women's quarters. In contrast to many private camps, the showers and toilet facilities are installed in proportion to the number of users. The women's units contain six showers and dressing rooms, six sanitary flush toilets, eight hand basins, and eight cement laundry trays with double faucets, supplying hot and cold water. With the exception of laundry trays the men's quarters are similarly equipped. At present hot water tanks are heated by electricity or fuel oil. In nearly all the camps water is provided by wells and stored in 15,000 gallon tanks erected on fifty-foot towers. Sewage disposal systems function through suitably located Imhoff tanks. Garbage is burned in large, concrete incinerators.

Camp management is a coöperative endeavor between a permanent camp manager selected by the F. S. A., his assistants, known as camp guards, and democratically elected camp committees. The governing body of the camp is the campers' council, representing the entire camp in its relationship with the management. This committee handles problems of discipline, camp regulations, and nearly all controversies. The campers' council exercises no jurisdiction outside the camp, and its decisions are subject to the approval of the camp manager. Camps are naturally subject to all local laws and the inspection of accredited local officers.

The adult recreation committee takes charge of all athletic games and

arranges contests with other nearby groups. The good neighbors and child welfare committee is appointed by visiting nurses with the approval of the manager. This committee gives instruction in first aid, personal hygiene, and child care. Mothers are given pre-natal care and definite instruction and assistance in following the program of visiting nurses and physicians. The management and committees are assisted in their educational program by W.P.A. and N.Y.A. workers under supervision of the State Department of Education.

Although the federal government furnishes the funds for the camp plant and the salary of the manager, the members furnish their own tents, furniture, and cooking utensils, and generally finance the social and welfare activities of the camp themselves. Each resident family pays ten cents a day into a general fund which is handled by the campers' council and the manager. All payments from the fund are made by check, and accounts are audited by the Farm Security Administration. Every person in camp is obligated to contribute two hours' work each week for the use of the camp. In case a family is unable to pay into the camp fund, it is required to give two extra hours' work a day. Clean-up jobs are regularly arranged by the camp manager and his assistants, who are responsible for the cleanliness of the camp.

### HOMES FOR WORKERS

In conjunction with the camp program, the F.S.A. is sponsoring the building of 150 low-rental homes near several of the migrant camps. Such houses are for workers who could be termed permanent residents and who have an income record in the community. These families are in the approximate economic income group of the migrant workers and hence demand low-cost housing. They, however, attempt to maintain a permanent home and work from this center in the agricultural industry of the county. Families that fall within this group are carefully selected on a basis of dependability, need, and permanent residence. At the present time, there are 148 such houses established adjacent to the F. S. A. camps in the agricultural centers of the state, while 174 more are in the process of construction. These houses are rented to families on a yearly lease for $8.50 per month. A small plot of land, varying in size from one-quarter to three-quarters of an acre, goes with each house. The householders raise a substantial portion of their food supply on this land. The hope is that this procedure will result in a saving of cash income for a general increase in the family standard of living, besides resulting in a better balanced and more wholesome family diet.

The forty completed homes at Shafter, Kern County, painted white with a trim of various bright colors, present an attractive picture when a visitor approaches them down one of the well graded streets. The compact arrangement of the rooms tends to cause one to forget the smallness of the house and to concentrate on the well placed cabinets and cupboards. Each house, floored with smooth cement and sealed with gray stained wood panels, contains a large living room with a kitchen alcove and a long sleeping porch that is divided into two bedrooms by a clothes closet. On one

side is a flush toilet and shower room, with an adjoining storage closet. Easily adjustable canvas awnings cover the screened windows to give shade and protection from the weather. A pergola shades the front door, and cement laundry trays are located on a porch at the side entrance. Near the house is an open garage with a storage closet for tools and supplies.

Coöperative farms are also being set up by the Farm Security Administration to enable the tenants to share the advantages of large-scale, mechanized cultivation of irrigated land. Each family is a member of the operating corporation but owns none of the land. The projects remain government property. The head of each family is paid a stipulated monthly allowance for working on the communal land and receives a proportionate share of the net profits from the sale of produce. At present, these farms are operated on a part-time basis, part of the family income being derived from the coöperative and part from seasonal employment in the larger farms in the neighborhood. The largest project of this type is the 4,200-acre tract of irrigated land at Coolidge, Arizona. The California example is the 520-acre Mineral King project in Tulare County, near Visalia. Another type of coöperative farm is the small subsistence farm developed on land adjacent to migratory labor camps. The Farm Security Administration plans during this year to develop five such units in California. These projects will care for approximately 155 families who will farm part-time on some 895 acres of land and work as laborers on nearby farms during seasons of demand. Occupants of adjacent camps as well as resident farm laborers may become participating members in the coöperatives.

### OTHER CAMPS AVAILABLE

In addition to the federal housing program for family migrants the fact should be mentioned that numerous cities and counties in the state provide camping sites for either family or single transients. These facilities vary from the rather well shaded fenced square at Clovis to unsupervised camps which consist merely of a place to "stop over." Nearly all these camps have running water and varying types of sanitary facilities. None of them, however, could be termed adequate from the standpoint of either facilities offered or capacity. Families generally find it necessary to camp on the outskirts of established grounds, carry their water, and use the overcrowded, meager sanitary facilities.

The inadequacy of local housing programs can be remedied through legislation passed in 1938 that granted statutory permission to California counties for the creation of local housing authorities. The purpose of these authorities was slum clearance and the establishment of adequate housing for urban and rural persons of low income.[2] Under the provisions of these acts, agricultural counties could undertake the construction and maintenance of housing facilities for resident and migratory agricultural laborers. Housing authorities are authorized to issue revenue bonds to be secured by the housing projects. The United States

[2] *Cal. Stats.* 1938, Chapter 4, Section 3 (i).

Housing Authority is empowered to lend a local housing authority up to 90 per cent of the project's cost. This leaves but 10 per cent of the costs to be raised through local financing. No county with a large number of agricultural laborers, except Los Angeles, has created a housing authority. None of the four county housing projects in Los Angeles County are designed for agricultural workers.[3]

### THE SINGLE TRANSIENT

Thus far, this discussion has been concerned only with the housing facilities for family migrants. While there has been a definite change in the type of migrant worker in the last few decades and the "bindle stiff" has been largely displaced by the migrant family, there still remain several thousand single transients who find employment following the crops and seasonal industries of California. The number of single transient workers, moreover, seems to have increased with the depression and the general tide of Dust Bowl migrants. The single laborers, in contrast to the family migrants, usually do not provide their own means of transportation but depend on hitch-hiking or "hopping a freight" to the city nearest the location of the job. These men generally arrive in the city broke and dirty. They are in need of a place to clean up and a temporary shelter while they check with the local branch of the state employment office for work in seasonal industries or agriculture.

There is a definite tendency for these men to congregate in the larger cities of the agricultural valleys during cropping season and to wander back in the slack period in search of jobs that will keep them during the winter. It is obvious that cities subjected to this continual stream of single migrants face problems not met in cities outside the agricultural belt. While most of the agricultural cities refuse to admit openly that the single migrant constitutes a petty crime problem, they, nevertheless, treat him as if he actually did. The general procedure seems to be to discourage the individual from stopping in the city; and, if he comes anyway, to arrest him as a vagrant, give him a couple of meals in the local jail, and "float him out" the next morning. The city of Imperial varies this procedure by giving "them their choice of working on our local chain-gang or leaving town."[4]

The city of Fresno, however, definitely recognizing that the unemployed single transient constitutes a local social problem, has planned a solution. Six years ago the city took over the federal transient camp and each year has been providing in the city budget for its maintenance. Transients are directed to the camp by the local police and are sent there from the police court in lieu of receiving jail sentences on vagrancy charges. Visitors are limited to one day's stop, unless they receive definite promise of work from the local state employment office, or unless they are in need of medical attention.

[3]Victor Jones, Bureau of Public Administration, University of California; 1939 Legislative Problems, No. 4; *Transients and Migrants*, p. 60.

[4]Milo H. Foster, City Clerk, Imperial, California, in answer to the author's questionnaire of July 25, 1938.

The camp has eating and sleeping facilities for 150 men. It is provided with a check room, registration office, toilets, showers, shaving facilities, wash tubs and clothes lines, and a "delousing" unit. Heat is provided by oil drums converted into wood stoves. Fuel consists of large stumps that cannot be worked up into stove wood lengths for free distribution. Although no charge is connected with the camp, a two-hour work test is required for each meal, and the men spend this time converting trees collected by the City Department of Public Works into wood that is later distributed free of charge to needy families through the Community Chest and other local welfare agencies. All the menial work connected with the camp is also done by the migrants. The only two permanent employees are the camp superintendent and the chef. Responsibility for the administration of the camp is vested in the Mayor. Questions of policy are determined by the Social Welfare Commission consisting of city administrators and laymen. The Fresno shelter camp is viewed locally as a sound business investment; indeed, city administrators feel that it equals, from the standpoint of crime prevention, an addition of ten men to the local police force.

The city of Sacramento operates a municipal transient shelter with a bed capacity for 500 men and kitchen facilities for 1500. The other attendant facilities such as toilets, showers, shaving and washing facilities are also provided. In contrast to Fresno, Sacramento attempts to limit camp visitors as strictly as possible to single unemployed men of the city and county of Sacramento. The deliberate policy seems to be to prevent the camp from becoming a congregating point for state and interstate transients. Sleeping quarters are available, however, for any single man who wishes to apply. One cent a day is charged for checking bundles, and the three-cent charge for a shower includes soap and a towel. Persons who "stay over" are required to perform a work test of four hours for every four meals. Administration of the shelter is vested in the City Superintendent of Recreation.

While other cities have developed varying programs of aid for single transients, no other city in California has shelters established solely for this purpose. In some cities temporary shelter is provided by the Salvation Army, the Red Cross, or other local charities. The Stockton Community Chest provides the night shift of the local police department with a small revolving fund for single men who need immediate shelter or medical attention. San Francisco administers temporary relief to single homeless men through the Single Men's Registry. This agency dispenses meal tickets, rent, and clothing.

### CAMP PROGRAM OF STATE

No survey of housing facilities for single transient men would be complete without a brief review of the camp program of the State Relief Administration of California. On October 9, 1937, the State Relief Administration of California adopted a policy of "Relief in the form of camp care only for unattached single men." Prior to June 21, 1938, generally only those men were sent to camp who were without legal residence within the state under the state indigent act and who expressed will-

ingness to go. After this date, however, aid, with certain exceptions, was extended in the form of camp care only. Thus, single transients who were able to establish necessary residence requirements under the indigent act and migrants who could prove their residence in California for one year and who were unable to establish legal residence in another state were eligible for the only type of relief available. It was purely the responsibility of the migrant to prove his right to such benefits. The difficulty of such proof is obvious. Such items, however, as letters of employment and references, hospital and clinic records, voter's registration, application for unemployment benefits, registration in state employment offices, and vagrancy charges were the chief sources of proof. The advent of the new administration saw the removal of the coercive element from camp certification; the camp program, however, continues without fundamental change.

When the eligibility of the client has been established and he indicates a desire to accept camp care, he is given a physical examination and, if found fit for manual labor, is sent to one of the seven SRA intake camps. Either from this camp or from one of the twenty-seven state work camps, he is transferred to a WPA work camp or project. Aliens, who had not received their first papers prior to June 21, 1938, and are therefore ineligible to WPA, are maintained in the SRA camps as permanent workers, assistants, and clerks. Thirty hours maximum work a week is required in the SRA camps, and there is no cash allowance except for permanent camp employees. The small cash allowance does not exceed ten dollars a month. The minimum time spent in SRA camps by those eligible to WPA certification is four days. If a client does not receive a WPA work order within four weeks, the case is investigated to discover the cause of the delay.

### STATE EMPLOYMENT OFFICES HELP

There is close collaboration between camp managers and local and state employment agencies. Men who refuse to take private employment at prevailing wages and, after an investigation by a case worker are found "not justified" in such refusal, are dropped from camp relief. "Clients" who have left camp for temporary private employment are accepted back into the camp after their private funds have again become exhausted. Thus, the SRA camps function as a reservoir for agricultural and industrial workers and guarantee their sustenance during the slack periods. In this regard they could be considered along with other governmental programs of migrant aid as an indirect subsidy to the agricultural industry.

Those in charge of the SRA camp program estimate that approximately 50 per cent of the total camp population consists of migratory workers. With the element of force removed from camp certification, however, it is likely that camp population will diminish and that the SRA camp program will lose much of its significance as a factor in migrant housing.

This brief attempt to assess the housing facilities for the estimated quarter of a million single and family

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# Tax Limitation — A Dangerous Device

By JAMES W. MARTIN, *Director, Bureau of Business Research*
*University of Kentucky*

***City, school, home owner all losers under tax rate limitation; local government credit impaired and fiscal responsibility lost to state; essential services slashed; substitute taxes fall heaviest on home owner and laborer.***

"WHY is it all the street lights are turned off and all the policemen gone?" My question, directed to a filling station attendant in a moderate-sized West Virginia city, was one I had been wanting to ask ever since I arrived in the state, for I had observed repeated evidences in several municipalities that something was wrong with the way cities were operated as compared with the past and with those in Virginia and Kentucky.

"The politicians have been doing something else foolish. They call it 'tax limitation,' and it is causing us no end of trouble in this town." Thus answered the filling station operative. Further inquiry revealed that this city, like other local government agencies in West Virginia, was experiencing the early effects of the 1932 constitutional amendment providing tax-rate limitation. This measure in conjunction with subsequent legislation to give it effect had strictly limited the tax rates which could be imposed on different classes of property by cities, counties, school districts, and other local government units; and no effective method of replacing the lost revenue had been discovered.

Investigation[1] showed that West Virginia local governments were adopting various means of dealing, or failing to deal, with the problems faced. Numerous schools were closed; some cities turned out their prisoners for lack of food or custodian; one municipality continued most of its usual governmental services so far as they could be operated by means of labor power alone through the voluntary contribution of services by local officials and employees.

Some cities which were not rendered wholly without resources cut salaries and wages drastically, discharged numerous employees, made shift without street lights, curtailed fire protection, discontinued garbage collection, street maintenance, and in other ways learned to do without essential services of local government.

[1]No attempt to document this paper seems necessary. Among the best discussions to be found in recent tax literature are the following: New York State Commission for the Revision of the Tax Laws, *The Effect of a Two Per Cent Tax Limitation Law upon Local Government in New York State,* 1936 (note also two supplements to this report published as docs. 1937, No. 61, and 1938, No. 71); New York State Constitutional Convention Committee, "Tax Limits," chap. xi, *Problems Relating to Taxation and Finance,* 1938; Glen Leet and Robert M. Paige (ed.), *Property Tax Limitation Laws,* Chicago, Public Administration Service, No. 36, 1934; and A. Miller Hillhouse and Ronald B. Welch, *Tax Limits Appraised,* P. A. S. No. 55, 1937. The two last named contain good brief bibliographies.

These adjustments reflected a loss of city operating revenues aggregating 52 per cent for the cities of the state as a whole.

After two or three years of legislation, litigation, and local government starvation, the state worked out a large number of readjustments to meet the difficulties introduced by tax-rate limitation. Among the long-range adjustments the following are illustrative. Cities, counties, and school districts continued operation with reduced personnel paid at lower rates. In numerous cities welfare departments were dropped, health services continued on a limited basis only, city control of traffic was relinquished, and the utility services, including fire protection, were greatly restricted.

The secretary of the State League of Municipalities, speaking particularly of his constituents, put the matter succinctly: "Since 1932 West Virginia cities have either been building up operating deficits and tearing down public confidence in municipal government, or have been operating within strangulation budgets—attended by much citizen dissatisfaction and the destruction of public service morale."

Among the more general, statewide readjustments which have occurred are reallocations of certain functions among the different units of government. The establishment of the county as the school administrative unit by means of which the number of districts was cut from 398 to 55 was one of the most constructive. The administration of local highways was transferred to the state government with full responsibility for support. This eliminated about half of the expenses formerly incurred by counties exclusive of debt service.

But perhaps the most significant change was the abolition of local financial independence. This was accomplished by replacing the taxes formerly levied locally on tangible property with state taxes (a) on general turnover and on production of natural resources (increase in rates); (b) on consumer sales additional to the general turnover tax which of course fell on retail as on other transactions; (c) on personal incomes; and (d) on miscellaneous items such as chain stores and higher rates on inheritances.

### STATE GRANTS NECESSARY

The localities came to be supported largely, in so far as functions were not transferred to the states, by the distribution of grants-in-aid. For example, school funds provided by the state were increased from one or two million in 1932 and before to about eleven and a half million annually after the adjustment. This shift has meaning beyond the simple fact that a substantial sum is provided by the state. The county school district, speaking generally, invariably levies all it can, and the differential quantity is the state-provided money. Thus, if the fact that localities tax themselves for the marginal funds provided causes a sense of responsibility, that advantage is lost when the local taxes cease to have any of the character of alternative levies. So it is with respect to other functions of local government.

It is significant that in West Virginia taxpayers generally did not secure any considerable long-run tax reduction. The revenues lost by taxa-

tion of property were made up by other means. The taxes which replaced the property tax revenues eliminated were of such character that they cost ordinary home owners significantly more than had the property taxes. The gainers were the holders of large amounts of realty in connection with their business, including real estate speculators, railroads, hotels, office building owners; and the losers comprehended individual home owners, farmers, laborers, and other consumers and small business men.

### MICHIGAN, OHIO, AND WASHINGTON

The other states which have provided comparatively inflexible overall tax limitations include Michigan, Ohio, and Washington. The Michigan amendment differs from others in providing a local referendum. In these several states the experience parallels rather closely that in West Virginia. In Michigan it appears that the principal sufferer has been the public school system.

The long-range readjustments which have occurred include the assumption by the state of increased responsibility for the support of education. However, a number of cities have found it impossible even in the long run to maintain municipal services theretofore regarded as essential. Particularly have certain public works suffered as a result of the curtailment of public income.

Ohio, unlike several other states, has approached tax limitation more or less gradually. In 1911 the first measure was adopted, but in the depression period of the 1920's, its severity was considerably relaxed; so that until the constitutional amendment of 1933 the limitation, although far from being a matter of indifference to local government, was relatively less severe than in some other states—partly in that it supplied an opportunity for local government to provide reasonable support by resort to borrowing or special assessments. The 1 per cent limitation in 1933 operated to paralyze local government activity when it was originally enacted. It appears that the loss in local revenues in 1934 could not have been very much less than twenty-nine million dollars; although, of course, it is difficult to say exactly what decline in revenues resulted directly from the limitation amendment.

In some of the Ohio cities the amount which appeared to be available for all purposes did not exceed the sum needed to pay debt services. However, in the long range, through the readjustment of state revenue measures particularly the enactment of the 3 per cent consumers' sales tax, the lost revenues have been more than replaced. The consequence of the technique of replacement employed has been, among other things, the assumption by the state of added responsibility for education, poor relief, and certain other functions. Moreover, the distribution of revenue to the localities has, of course, not been proportional to the losses incurred.

Though it may be said that in Ohio—despite drastic reductions in school support, in the pay of municipal employees, in the adequacy of fire and police protection, and particularly in the maintenance of various services essential to health protection, all necessary as an immediate consequence of the 1934 tax

limitation—the state has in large part readjusted its economy to the situation and the financial stringency has largely passed. The adaptation has been accompanied by material modifications in municipal services, however, especially in the method of financing them.

In Washington the limitation is not so stringent, although it has materially affected public finances. In order to take care of a situation in Washington not radically different from, although somewhat less stringent than, that described in West Virginia, the state has levied a general sales tax, a cigarette tax, and certain taxes on the gross of business enterprises. Whereas the total property levies declined somewhat, the revenues were supplied from these additional sources.

A general net income tax was also enacted in Washington, but the attempt to raise revenue by this means proved abortive since the Supreme Court of the state declared the measure unconstitutional. There has of course been considerable readjustment in the distribution of the functions of government. The differential support of education, as in West Virginia, has been shifted to the state; and the amount of money contributed centrally has increased somewhat more than five million dollars. Likewise the state has assumed financial responsibility for public highway construction and maintenance formerly shouldered by the counties.

Notwithstanding these readjustments the local units of government have been deprived of income adequate to support the activities for which they are still responsible. Some of the cities have undertaken to make up the losses by imposition of public utility and business license taxes and the employment for general fund purposes of municipally-owned utilities profits. Despite these efforts to raise increased revenue, curtailment of local expenditure similar to that described in West Virginia but somewhat less extreme, has been necessary.

### LIMITATIONS IN OTHER STATES

In most other cases the states adopting over-all tax limitations have done so either with a view merely to preventing unduly rapid increase in property tax levies, or for the purpose of providing a very flexible maximum calculated to satisfy the economy demand without seriously crippling the conduct of public business.

The two states which have the oldest over-all tax limitation laws appear to be Oklahoma and Rhode Island. In Oklahoma the measure has been effective since the adoption of the original constitution in 1907, and in Rhode Island since 1878. Both of these early provisions had the same purpose as the numerous limitations of other sorts imposed in various state constitutions. The specified limit in both cases was generous—in Oklahoma, 3.15 per cent, and in Rhode Island, 2.5 per cent. Essentially the only effect of these general limitations was to encourage the use of alternatives to property tax levies. In 1933, however, Oklahoma adopted a constitutional amendment cutting the limitation to 1.7 per cent. This limit might have caused tremendously difficult problems but for the relatively effective planning with which it was accomplished. In con-

sequence of this planning the alternative sources of revenue, including the cigarette and retail sales tax, as well as the revenue from certain other increased rates of state taxes, were developed a good deal more promptly than in most of the states, so that the local government services were not paralyzed to anything like the same extent as elsewhere. Moreover, the form of the limitation law in Oklahoma was perhaps less calculated to cause difficulty than in some of the other states. The reallocation of fiscal responsibility brought about by the Oklahoma limitation and other concurrent developments was substantial. This, however, has been obscured by the fact that some of the readjustments were initiated prior to the limitation amendment, and by the kindred fact that Oklahoma seems to have had for some years previously a consistent policy of shifting financial responsibility from local to state government.

Indiana typifies the flexible overall rate limitation. Although at first the Indiana statute (there is in Indiana no constitutional limitation) imposed some hardships, particularly on townships and cities, the authorized exercise of administrative discretion has gradually alleviated the difficulties; and the only substantial effect in Indiana has been the reallocation of financial responsibility for the support of government and to some extent the consequent limitation of local initiative.

### GENERAL EFFECTS ASSESSED

The effect of stringent tax limitation laws which has been most fundamental to state and local governments has probably been the destruction of local fiscal responsibility. The responsibility in turn has generally been assumed by the states. This shift in a fundamental of government policy has generally resulted from three factors. The first influence tending in this direction has been the immediate impairment of local government morale by the temporary destruction of financial resources. It is scarcely to be expected, and it is not generally true, that municipalities, for example, can fully recover from the impact of revenue losses following the adoption of tax limitation after alternative revenues are made available.

The second factor tending to impair the sense of local financial responsibility has been the outright transfer of governmental functions from localities to states. There is reason in many instances for asserting that these transfers were long overdue; but their accomplishment and the method by which the change was brought about have more or less injured the local sense of financial initiative.

The third consideration tending in this same direction is more illusive. It is believed, however, that local responsibility for levying *differential* revenues for educational and other purposes has engendered a sense of local responsibility which does not exist if the local levy becomes practically fixed and legally rigid, and the state grant-in-aid becomes the variable or marginal factor in local school support. Whether this influence is sufficiently serious to render expenditure plans more wasteful than formerly is open to question, but that some measure of local communi-

ty sense of responsibility is lost can scarcely be doubted.

Study of the operation of tax limitation provisions discloses that the average home owner and laborer has been the principal loser. These provisions have usually secured the wanted effect of reducing real estate taxes. The first consequence (since normally anticipated real estate taxes are largely capitalized in land values) has been to give large holders of real property an uncompensated present at the expense of other taxpayers. The revenue losses have generally been replaced by tax measures which cost the average home owner and particularly the laborer far more than the amount gained through reduction of property taxes. Although the most usual replacement levy has been the general sales tax in one guise or another, frequently other consumption taxes have also been imposed and have in some measure been substituted for the real estate tax.

Tax limitations have seriously impaired local government credit where they were reasonably stringent, and particularly in those cases in which they have been embedded in the constitution. The difficulties along this line have been alleviated in some states by the form of the limitation and by the vigor with which the state undertook revenue readjustments to render possible the payment of debt services. It is not true in practice, however, that the adoption of tax limitation has materially relieved the public debt problem, reduced the average man's taxes, improved assessments, or otherwise constructively reformed the tax system —if one may adopt as a criterion of constructive reform the views of tax students generally.

In one essential respect tax limitation flies in the face of underlying economics of local government. In rural areas, either because farmers do not find it worth while and desirable to provide certain functions of government or because it is impracticable to do so, some types of government activity essential to cities are not undertaken. Illustrations are found in the extensiveness of police service, fire protection, and the provision for government action in behalf of important utility and sanitary services. These are economical and essential in urban communities. Moreover, real property in urban communities benefits more largely from government service than does rural land, and in consequence can reasonably be called on to pay far greater taxes. These principles are ignored by the proponents of tax limitations largely because, as has been shown, the proponents, the beneficiaries of the movement, are the owners of large business and industrial properties rather than home owners and farmers.

In actual practice to a considerable extent, however, the levies on owners of city real property are merely rendered indirect and differently distributed. One illustration is found in the practice in tax limitation states whereby cities impose the cost of sewage service, which is borne in other states by general property taxpayers, on those who directly utilize the service. Again garbage disposal services are assessed against local residents instead of being borne in proportion to property tax payments. The net result of these and other re-

adjustments is partly to shift the load from the large owners of real property for business and speculative purposes to the owners and occupants of homes and to make the latter responsible for financing local government service.

This statement of the situation, of course, does not overlook the fact that a considerable part of the fiscal responsibility is transferred from rural to city dwellers, owing to the fact that state taxes to replace local real estate levies are paid more largely by urban taxpayers, in proportion to the grants-in-aid distributed, than they are by residents of rural communities.

## EDITORIAL

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local level. And if we prove incompetent to govern ourselves on a small scale, what reason is there to believe we can do better on a national or international basis?

We may have gained something in sanitation when the general store with its red hot stove and open cracker barrel passed, but perhaps we ought to open a few schools for democracy at the crossroads to take their places.

## WINE FROM THE "GRAPES OF WRATH"

(Continued from Page 618)

migrants in California has completely neglected the numerous related problems of education, medical care, and eventual absorption into the state's population. The fact should be evident that adequate migrant housing facilities are indeed meager when considered in terms of the total migrant population of the state. Any proposed solution should bear in mind that, so long as agriculture in California follows its present trend, migratory labor must be accepted as a necessary feature of this industry.

Governmental housing programs, then, are at best palliatives unless coördinated with some extensive program of low-rental homes for the permanent settlement of migrant families. This should be firmly tied to a program that would give these workers the opportunity through cooperatives and government credit of utilizing for their own benefits the results of scientific, mechanized farming. This is a national problem, and the people of the United States must soon decide whether or not they wish to perpetuate a dispossessed and ignorant agricultural proletariat.

# Municipal Utilities: Profits vs. Taxes

By JOHN BAUER, *The American Public Utilities Bureau*

***Contributions of publicly owned utilities to municipal governments much greater than taxes of private corporations; but should their profits be used thus, in lieu of taxes, or for reduction in rates charged the consumer?***

PRIVATE utility companies have persistently blamed high taxes for high rates, and have insisted that if they were tax-free like municipally owned systems their rates would be lower than those of public plants. Except for taxes, they claim that their rates are lower, and even with taxes they do not really admit higher rates.

The municipally or publicly owned systems have not only asserted their rates are lower than those of private companies, but they point to their large profits, to their contributions made to general municipal purposes, and in various instances to tax-free municipalities due to electric plant profits.

These contradictory claims have been argued in many connections, but until recently have not been readily subjected to satisfactory factual check, much less to verification as to basic significance. While the significance may still be debatable, the facts have been quite definitely established by the rate studies and publications of the Federal Power Commission. In a recent report on *Rates, Taxes and Consumer Savings, Publicly and Privately Owned Electric Utilities,* the commission presents comparative data for the years 1935-1937. It thus disposes of factual doubt as to the tax factors and the comparative rates in municipalities of comparable size.

First the tax question: How great are the taxes paid by the private companies, and to what extent are equivalent contributions made in different form by the public plants?

This is answered by the commission for the year 1936. It obtained electric tax data for 691 private companies, which for 1936 obtained 99.4 per cent of the gross revenues of all privately owned electric systems. It thus covered substantially the entire private field, so that the showing is conclusive. For the United States as a whole, the private systems had aggregate gross revenues of $2,082,088,546, and paid total taxes of $275,235,763, including national, state, and local governments. The taxes thus amounted to 13.2 per cent of revenues. The figures are given also separately for each of nine geographic divisions, and there is close uniformity in the tax percentages. The highest is 14.2 per cent for the Middle Atlantic states, and the lowest 11.1 per cent for the West North Central.

While usually the public systems do not pay outright taxes, they furnish various equivalents in the way of accruals and cash contributions. The commission assembled the pertinent data for 537 municipal plants, which in 1936 had 81.6 per cent of the total gross revenues of all the public electric systems. It thus covered the bulk of the public operation, so that the results are representative. It

presented the total revenues, and made two percentage showings as to equivalent taxes. First, it took the formal tax accruals and added the net cash contributions made by the plants to other municipal purposes; the amounts thus constitute cash tax equivalents. For the municipal systems, they amounted to 17.3 per cent of the gross revenues, compared with 13.2 per cent for private companies.

Second, besides taxes and net cash contributions, the municipal systems furnished also either free or especially low priced electric service for other municipal purposes, such as street lighting, water pumping, light and power for buildings, etc. The commission evaluated these services by applying to them the rates charged by private companies for like purposes in communities of comparable size. The difference between such theoretical revenues and the actual receipts was taken as the net value of free service. For all the public plants this amounted to 8.5 per cent of gross revenues. This was then added to the 17.3 per cent for taxes and net cash contribution, so that the total tax equivalent became 25.8 per cent of gross revenues compared with 13.2 per cent for private systems. The public plants thus contribute outright in cash a considerably higher percentage than the private, and through free service they increase their contribution to nearly twice the percentage of private companies.

The accompanying summary table presents for the United States and for each of nine geographic divisions the gross revenues of the public plants, the cash tax equivalent, and the total contribution, including free service, also the corresponding percentages of gross revenues, and finally the private tax percentages:[1]

*Contributions of Public Plants*

| | *Gross revenues* | *Cash tax equivalents* | | *Total tax equivalent including free service* | | *Percentage Contributions Private Plants* |
|---|---|---|---|---|---|---|
| United States | $110,200,986 | $19,085,953 | (17.3%) | $28,448,130 | (25.8%) | 13.2 |
| *Geographic divisions*: | | | | | | |
| New England | 7,724,562 | 1,000,573 | (13.0%) | 1,505,062 | (19.5%) | 13.5 |
| Middle Atlantic | 6,285,572 | 1,094,686 | (17.4%) | 1,580,070 | (25.1%) | 14.2 |
| East North Central | 23,827,241 | 3,255,882 | (13.7%) | 5,771,121 | (24.2%) | 13.2 |
| West North Central | 13,933,484 | 1,838,878 | (13.2%) | 3,402,525 | (24.4%) | 11.1 |
| South Atlantic | 14,245,433 | 5,407,857 | (38.0%) | 6,688,310 | (47.0%) | 12.4 |
| East South Central | 4,167,164 | 1,134,384 | (27.2%) | 1,551,472 | (37.2%) | 12.8 |
| West South Central | 5,402,602 | 1,835,736 | (34.0%) | 2,496,885 | (46.2%) | 11.6 |
| Mountain | 2,585,426 | 580,798 | (22.5%) | 856,704 | (33.1%) | 14.1 |
| Pacific | 32,029,502 | 2,937,159 | (9.2%) | 4,595,981 | (14.3%) | 13.6 |

While the average cash tax equivalent paid by public plants was 17.3 per cent of gross revenues, there was

[1]The percentage comparisons included in this table are based upon *gross revenues* as determined under standard accounting. The commission, however, computed also *base revenue* and presented corresponding averages of those figures. I have used in this summary the standard gross revenue figures because they are simpler and show relatively the same general results. In addition, however, I doubt whether the refinement based upon "base revenues" really furnishes as valid comparisons as those predicated upon the simpler gross revenues, but an adequate discussion of this point is obviously out of place here.

wide variation between the geographic divisions. The lowest was 9.2 per cent for the Pacific states, which is less than the private percentage in any one of the divisions. The highest was 38.0 per cent in the South Atlantic states, which is over twice the average for all municipal plants and nearly three times the average for all private systems.

With inclusion of free service, the municipal plants have an average of 25.8 per cent of gross revenues for the United States as a whole. The lowest for the individual divisions is 14.3 per cent for the Pacific, while the highest is 47.0 per cent for the South Atlantic. The latter represents nearly half of the gross revenues, and is almost four times the tax percentage of the private companies in the same division. In every instance the aggregate public percentage is substantially greater than the private.

### ARE HIGH UTILITY TAXES JUSTIFIED?

There can be no doubt but that municipal plants make relatively much larger contributions to other public purposes than private companies. If the private taxes are high and stand in the way of desirable rate reductions, the municipal plant contributions must be regarded as much more burdensome and restrictive. This raises the question as to the significance or justification both of the high taxes paid by private companies and of the much greater contributions by municipal plants.

As to reasonable policy, there would probably be general agreement that electric utilities should contribute to various public purposes as does ordinary business. While there is no good reason for relieving them of normal tax levies, there is also no good reason for subjecting them to higher ones, except the alluring ease of collection. The high and increasing private taxes have been due primarily to the fact that rates were high and the companies were more able to pay taxes than business in general. The taxes were easy to put on, but they will also be hard to take off, and will thus stand as obstacles to future rate revisions.

There are two principal objections to placing higher taxes on electric utilities than on other business. First, the ultimate incidence of the taxes is inequitable. While the utility itself pays the taxes in the first instance, it includes them in its operating costs and charges them to the consumer. It merely serves as a tax-collecting agency. The taxes are included in the rates paid by consumers, along with other costs of furnishing the service. Actual tax payment is thus based upon quantity of electricity used, rather than taxpaying ability. It is in effect a "sales" tax, and involves the inequities of that type of tax. Furthermore, it is imposed cumulatively on the residential consumers, so that the ordinary or poor family is compelled to pay taxes in the same relative proportion for electricity used as the well-to-do or wealthy families.

The second objection against special electric utility taxes is the effect upon utilization. As rates are high due to taxes or to any other extraordinary costs incurred by a utility, they affect the extent of use. This applies to all consumption, but especially to residential consumption. To make electricity available as needed for various economic and social purposes, costs should be kept

as low as possible. If special taxes are imposed, their ultimate significance is restriction of utilization and limitation to the economic and social advances which depend upon low cost electricity.

### TAX EQUIVALENTS AND RATES

When the commission shows that municipal plants make direct contributions which average 17.3 per cent of gross revenues, and in addition furnish free service, bringing the total percentage up to 25.8 per cent, a serious question arises not only as to the equity of the taxes but especially as to the effect upon rates and utilization.

This question becomes intensified when applied to the geographic divisions which have the strikingly high percentages. The nine divisions may be placed into two groups: (1) the three southern divisions, and (2) the six others. The first group has especially high percentages, ranging from 27.2 per cent to 38 per cent for cash tax equivalents, and from 37.2 per cent to 47 per cent with the inclusion of free service. These high percentages give special significance to inquiry as to rates and utilization.

As to the bearing on rates, Table I of the commission's report presents a comparison of average typical net monthly bills in the residential service, between privately and publicly owned electric utilities. The bills are given by geographic divisions for three typical quantities of consumption, 25 kilowatt hours per month, 100 kilowatt hours, and 250 kilowatt hours, separated into five population groups, including municipalities of 50,000 population and over, 10,000 to 49,999, 2,500 to 9,999, 1,000 to 2,499, and 250 to 999. In each instance the public is compared with the private monthly bill as of January 1, 1937. The relative showing of the three southern divisions, with their high percentage of tax equivalents, appears significant in the tabulation.

For municipalities of 50,000 population and over, there are only seventeen public plants, and there are three geographic divisions without any public plant. Consequently there are altogether eighteen comparisons for six divisions and three consumption groups. Of the eighteen comparisons, there are only five instances of higher public bills than private; but of the five, four are in the southern divisions.

In the next population group, 10,000 to 49,999, there are altogether 118 plants, with twenty-seven comparisons between public and private bills; of the twenty-seven, six show higher municipal bills, and all six are in the southern divisions. In the next group, 2,500 to 9,999 population, there are twelve higher municipal showings, of which nine are in the southern divisions. For 1,000 to 2,499 population, there are seventeen higher municipal bills, of which nine are in the southern divisions. In the final group of 250 to 999 population, there are eighteen higher municipal bills, of which six are in the southern divisions.

These comparisons show that with the exception of the very small municipalities, the preponderance of higher municipal bills appears in the three southern divisions. This correlates with the high electric plant contributions to general municipal purposes. The rates are kept high so as to keep taxes low. Whether any or

many municipalities are completely tax free is of secondary importance; the average reliance on utility profits in lieu of taxes is impressive.

### HIGH RATES AND UTILIZATION

The effect of high rates is low utilization. Unfortunately, the commission's studies do not cover this phase of electric operation; consequently comprehensive and authoritative comparisons and conclusions cannot be drawn.

More limited surveys, however, have often emphasized the fact that consumption depends upon rates, that rate reductions almost always bring about increases in utilization and recovery of lost revenues, and that low rates with high consumption are better long-run policy even for the utilities, than high rates and low consumption.

Partly to supplement the studies made by the commission, so as to correlate rates and consumption, I gathered financial and operating data for the municipal systems of 50,000 population and over for the year 1936. Among the information supplied by fifteen municipalities were included the gross revenues derived from the residential service, the kilowatt hours used, and the number of consumers at the end of the year; then the average monthly consumption was computed and compared with the average revenue per kilowatt hour. The comparative figures show almost direct correlation between rates and consumption; the higher the rates, the lower the consumption.

Tacoma had by far the greatest average consumption, 134 kilowatt hours per month per customer, and had also by far the lowest average rate, 1.7 cents per kilowatt hour. On the other extreme was a plant with an average of 4.4 cents per kilowatt hour and an average consumption of only 39 kilowatt hours. The next highest utilization was by two plants, with 97 kilowatt hours each, and with the next lowest rates. With one exception which represented unusual conditions, the correlation between low rates and high consumption, or the reverse, was strikingly shown by the comparative figures.

In a survey of municipal plants in North Carolina, Mr. Clarence E. Kuhlman found close relationship between rates and consumption.[2] I found like results for eleven plants in New Jersey. Every study of consumption and rates that has come to my attention brings out the same correlation. I have no doubt but that a comprehensive countrywide survey would show that municipal plants with high contributions to other municiple purposes have high rates and low consumption averages.

For the most part, municipal managements have had their attention more on immediate profits than utilization. They have obtained substantial profits, but have not promoted consumption according to desirable community development. Even the fifteen public plants in cities of 50,000 population and over had average consumption of only 71 kilowatt hours per month; but exclusive of the three cities with markedly high consumption, only 61 kilowatt hours. For reasonable domestic use the average should be more than double.

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[2]An unpublished study of a doctoral dissertation at the University of North Carolina. I read the manuscript and had access to the figures.

There is no doubt but that municipal plants have done an excellent and competent job for their communities. As a broad average they have had lower rates than the private companies in similarly sized municipalities, have contributed much more to general municipal purposes in lieu of taxes and in addition have built up their systems extensively out of earnings. For fifteen municipal systems in cities of 50,000 population and over, as an average only 44 per cent of the gross plant investment remains unamortized, and the total plant debt outstanding is only $158 per customer, which is less than one-third of the average capitalization of the private systems. In every substantial study of plant investment and debt, the fact appears that the municipal plants have been extensively financed out of earnings and are thus in excellent position to furnish low cost service for the future.[3]

### FUTURE RATE POLICY

The municipal systems are confronted with a question of policy for the future. Will they continue keeping rates and profits high to relieve general municipal taxation, or will they lower rates, reduce profits, and concentrate on the development of utilization?

In general, the answer should be clear. The function of an electric plant is to furnish service for all economic and social purposes at as low rates as are obtainable under efficient operation. While it should contribute to the general municipal support along with other business, it should not be used as a special medium of tax collection. Its public justification depends fundamentally upon its promotion of community advancement, rather than as a means of taxation. This applies to private as well as public systems.

While this perspective appears fundamental, it should be applied with sufficient flexibility to meet the practical financial conditions of the municipalities. Throughout the country there have been extraordinary financial needs during the depression, and they will continue indefinitely for the future. Where a municipality has depended extensively on plant profits, it cannot make an immediate shift to sharp rate reductions and greater taxes. It should adopt a somewhat long-range program of gradual rate reduction and positive stimulation of consumption. During a period of five years it can bring rates down and build up utilization to much higher levels without great sacrifice of net earnings. This is the course which I have induced a considerable number of municipalities to adopt, and should be clearly envisaged by all municipal plant managements.

A special phase of policy appears where a municipality is considering the establishment of a municipal plant to replace the existing private service. Often the immediate appeal is the availability of profits to supplement the municipal revenues derived from taxes, rather than low costs and rates for community advancement. Unfortunately, most cities have been put under severe tax restrictions,

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[3]The figures for plants in cities of 50,000 population and over are taken from *The Electric Power Industry—Development, Organization and Public Policies,* by John Bauer and Nathaniel Gold, Harper & Bros., 1939.

# Low-Rent Housing Builds on Sound Money

By LEON H. KEYSERLING
*Deputy Administrator and Acting General Counsel, United States Housing Authority*

***Cooperation of federal and local governments in low-rent housing projects stimulates drive on slum clearance; better housing for "one-third of the nation" makes rapid strides.***

ON JULY 4, 1939, America celebrated a great victory in the nationwide war on slums. That day saw the opening of low-rent housing projects for slum dwellers in four cities of three widely separated states —Buffalo and New York City, New York; Jacksonville, Florida; and Austin, Texas.

Behind this dramatic beginning lies a prosaic tale of coöperative municipal and federal financing.

Under the terms of the United States housing act of 1937,[1] the United States Housing Authority makes repayable loans and annual subsidies to local public housing agencies authorized by state enabling legislation to engage in the development or administration of low-rent housing or slum clearance. In order to obtain such aid from the United States Housing Authority, a duly authorized public housing agency (usually known as a local housing authority) agrees to:

(1) Raise at least 10 per cent of the construction or development cost of a project;

(2) Secure from the state, county, city, or political subdivision in which the project is located, in the form of cash, tax exemption or tax remissions, at least 20 per cent of the USHA annual contributions;

(3) Observe the statutory limitations on construction cost of dwelling facilities;

(4) Require the payment of wages or fees prevailing in the community to all architects, draftsmen, engineers, technicians, laborers, and mechanics;

(5) Rent the completed projects only to families in the lowest income groups now inadequately served by private enterprise with decent and sanitary housing;

(6) Eliminate one substandard dwelling for every new dwelling constructed.[2]

Although financially aided by USHA, the local housing authority is principally responsible for its slum clearance and low-rent housing program. It makes its own plans, lets its own construction contracts, builds and manages its own project.

A housing authority may borrow not more than 90 per cent of the construction or development cost from the USHA for a period not exceeding sixty years. The remainder may be borrowed from local sources—the city government, local banks, or private investors. Both the loans from the USHA and from private sources are evidenced by bonds of the local housing authority. These bonds, issued to the USHA, generally

[1]United States Housing Act of 1937, as amended (50 Stat. 888, as amended by 52 Stat. 820; 42 U. S. C. Sup. IV, 1401 et seq.), otherwise known as the Wagner-Steagall act.

[2]For details concerning these points see "Legal Aspects of Public Housing," by Leon H. Keyserling, in *Housing Monograph Series No. 2*, National Resources Committee (U. S. Govt. Printing Office).

bear interest at 3 per cent.[3] In this connection, the USHA has found that the bonds evidencing the 10 per cent local share of the development cost are considered highly attractive by investment houses throughout the country—indeed so attractive that, according to present indications, these bonds will be sold at an interest rate of less than 3 per cent.

### LOCAL GOVERNMENT AID

Many local authorities, once created, need funds to cover their initial organizational expenses before projects are under way. By advancing funds for early administrative expenses of the authorities, by cooperating in surveys, by providing office space, by lending personnel, municipal governments have been demonstrating their eagerness to facilitate the work of local housing authorities. Judicial approval for cooperation between municipalities and their local housing authorities has been widespread. In Georgia, Indiana, Kentucky, Louisiana, Montana, North Carolina, Pennsylvania, and South Carolina, the highest state courts have declared that an authority may secure preliminary organizational expenses, or donations of land, money, or services, from a city.[4]

For example, in the Wilmington case in North Carolina, the court held that a city, with or without monetary consideration, may lawfully convey real estate to a local housing authority for housing purposes, since benefits received by the municipality in furthering the purposes of the housing act were adequate. In the New Orleans case the court also held that a city may close streets within a project's area with the approval of the abutting owner, the local authority. The West Virginia decision makes the significant declaration that a project may be built in any area, whether slum or not slum, "within the sound discretion of the federal and state authorities and the council of the city."

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[3] The rate of interest on USHA construction loans must be not less than the going federal rate of interest at the time the loan is made, plus ½ of 1 per cent (totalling 3 per cent or 3¼ per cent, to date).

[4] Georgia: *Williamson* v. *Housing Authority of Augusta, et al.*, 186 Ga. 673, 199 S. E. 43 (Sept. 21, 1938) see pp. 51, 54. Indiana: *Edwards, et al.*, v. *Housing Authority of the City of Muncie, Indiana, et al.*, 19 N. E. (2d) 741 (March 13, 1939). Kentucky: *Spahn, et al.*, v. *Stewart, et al.*, 268 Ky. 97, 103 S. W. (2d) 651 (Feb. 19, 1937, extended March 26, 1937) see pp. 660-661. Louisiana: *State ex rel. Porterie, Atty. Gen.* v. *Housing Authority of New Orleans, et al.*, 190 La. 710, 182 So. 725 (June 27, 1938; Rehearing denied, July 8, 1938) see p. 733. Montana: *L. F. Rutherford, et al.*, v. *The City of Great Falls, et al.*, 86 P. (2d) 656 (January 21, 1939) see p. 659. North Carolina: *Wells* v. *Housing Authority of Wilmington, et al.*, 213 N.E. 744, 197 S.E. 693(June 15, 1938) see p. 698. Pennsylvania: *Dornan* v. *Philadelphia Housing Authority*, 331 Pa. 209, 200 Atl. 834 (June 30, 1938) see p. 844. South Carolina: *McNulty* v. *Owens, et al.*, 188 S. C. 377, 199 S.E. 425 (October 13, 1938) see p. 430.

Other cases (favorable) interpreting state housing authorities laws include:

Alabama: *In re Opinion of the Justices*, 235 Ala. 485, 179 So. 535 (March 17, 1938). Florida: *Marvin* v. *Housing Authority of Jacksonville, et al.*, 183 So. 145 (July 27, 1938). Illinois: *Paul A. Krause, et al.*, v. *Peoria Housing Authority, et al.* 19 N. E. (2d) 193 (January 26, 1939). New York: *New York City Housing Authority* v. *Muller, et al.*, 270 N. Y. 33, 1 N. E. (2d) 153; See also, 155 Misc. 681. 279 N. Y. 5, 299 (March 17, 1936). Tennessee: *Knoxville Housing Authority, Inc.* v. *City of Knoxville, et al.*, 123 S. W. (2d) 1085 (January 21, 1939). West Virginia: *J. Paul Chapman* v. *Huntington, W. Va., Housing Authority*, 3 S. E. (2d) 502 (June 13, 1939).

The USHA rent subsidies toward a low-rent housing project are paid on a yearly basis as "annual contributions" designed to reduce rents after the project is completed. The grants-in-aid, both federal and local, represent the amounts necessary to get rents in the project down to a level within the means of slum dwellers. In simple terms, the subsidies represent financial assistance bridging the gap between economic rent (the rent which would otherwise have to be charged for decent new housing in order to pay the costs of debt service, operation, management, repairs, vacancies, insurance, and taxes) and social rent (the rent that families now living in slums can afford).

### USHA CONTRIBUTIONS

In percentage terms, the USHA grants-in-aid amount to about one-third of the economic rent. The local contributions represent about one-sixth of the economic rent. Together, the USHA annual contribution and the local contribution approximately halve the economic rent.

Under the United States housing act, the USHA may make two alternative types of subsidy—capital grants or annual contributions. A capital grant may be made to the extent of 25 per cent of the development cost of a project, plus an additional 15 per cent from relief funds for the payment of labor used in the development. In no instance, as yet, has the capital grant subsidy been made. After painstaking analysis of the rent-paying ability of families now occupying substandard homes in the lowest-third income group in their communities, and after considering every possible reduction in costs, the local authorities have, to date, found it impossible to get rents low enough without federal and local annual contributions. In every case, rents simply mount too high for low-income families.

The alternative subsidy has therefore been used. This plan allows annual payments for a period not exceeding sixty years in an amount not exceeding the going federal rate of interest plus 1 per cent upon the development cost of the project.[5] Of course, annual contributions are strictly limited to the amounts and periods necessary to insure the low-rent character of the project, considering "cost, location, rent-paying ability of prospective tenants," or other factors bearing upon the amounts and periods of assistance needed to achieve and maintain low rentals. Moreover, according to the United States housing act, "regulations may provide for rates of contribution based upon development, acquisition or administration cost, number of dwelling units, number of persons rehoused, or other appropriate factors."

In the future, as the economic conditions of a city change, smaller subsidies to rehouse slum dwellers may be needed. Analysis of normal rent and income trends suggests that the necessary grants-in-aid will gradually decline. Consequently, it is unlikely that the annual contributions to be contracted for will last sixty years. The United States housing act provides the modification of these

[5]The "going federal rate of interest" is the annual rate of interest specified in the then most recently issued bonds of the federal government having a maturity of ten years or more. United States Housing Act, Sec. 2 (10).

contracts as warranted by changing economic conditions. All annual contributions contracts, whenever made for a period exceeding twenty years, will be reviewed by USHA at the end of ten years and every fifth year thereafter. Whatever the findings of the review, the annual grants-in-aid can never be raised above the maximum rate limited by the act and guaranteed by contract.

### LOCAL SUBSIDIES

The United States housing act requires that the USHA annual contributions cannot be made unless the state, city, county, or other political subdivision in which the project is situated shall contribute, in the form of cash, tax remission, or tax exemption, an amount equal to at least 20 per cent of the USHA annual contributions. The form which the local contribution usually takes is the exemption of the project from all local taxation. In some cases, where the necessary rent-levels permit, a small service charge in lieu of part of the taxes is made.

### CASH SUBSIDIES VS. TAX EXEMPTION

In the December 1938 issue of the NATIONAL MUNICIPAL REVIEW, an article making a brief for cash subsidies as compared to tax exemption contained the statement that donations of land may be offered as part of the local contributions. The USHA has in no instance considered and under the law cannot consider donations of land as part of the local annual contributions. This error may have its basis in the fact that donations of land may be offered as a portion of the local community's 10 per cent share of project development cost.

A more serious misconception in the article was its statement that the properties in which the rehoused slum dwellers formerly lived contribute their fair share to tax revenues. It ignores the almost universal fact that slum properties have long records of tax arrears. For this reason, among others, tax exemption of low-rent housing that has replaced slums causes almost no perceptible increase in tax rates upon solvent properties.

The article deplored tax exemption as an invitation to elaborate and ornate construction. Yet the United States housing act provides (Sec. 15 (5)) that the dwelling facilities cost of dwelling units cannot exceed $1,000 per room and $4,000 per dwelling unit where the project is located in a city of less than 500,000 population, or $1,250 per room and $5,000 per dwelling unit in larger cities. As a matter of factual achievement, the estimated average net construction cost of projects on which construction contracts had been let up to January 1, 1939, was $2,830. Several projects recently approved will have an *over-all* cost ranging between $2,500 and $3,000 for each family dwelling unit.

It should be explained that the term "net construction cost" means the cost of building the house—that is, the cost of plumbing, heating and electrical installation (or the same items included in the data on building permits published by the Bureau of Labor Statistics of the United States Department of Labor). Thus, as used in connection with USHA-aided projects, this term is directly comparable to the cost of private

housing. The term "dwelling facilities cost" means the cost of items included in "net construction cost" figures, plus the cost of dwelling equipment, plus architects' fees, local administrative expenses, and financial charges during the period of construction. The term "over-all cost" means the cost of the items included in the two previously mentioned terms, plus the cost of the land and of non-dwelling facilities—including, in short, all costs of the project except the cost of slum buildings to be torn down.

### COST OF LOCAL TAX-EXEMPTION

To discuss the matter concretely, let us assume that a city of 200,000 population undertakes a $2,000,000 project to rehouse 500 families. Full taxes on this project would amount to about $40,000 a year (at a conservative 2 per cent rate, with assessed valuation equal to 100 per cent of full valuation). But a study of taxation in slum areas in cities of various sizes shows that taxes actually levied on the former slum homes of these 500 families probably did not exceed $40 per family per year, based upon an average assessment of $2,000 for slum homes, and a large proportion of even this amount was undoubtedly delinquent. Thus the actual loss of revenue to a community when it exempts its new project from taxation is not $40,000, but less than $16,000.

If the value of all the property in "Your Town" is assumed to be about $400,000,000 (at $2,000 per capita), the total property tax levy for the whole city would amount to $8,000,000 a year. Exemption of the 500 rehoused families of very low income from taxation would thus deprive a community of only about two one-thousandths of its annual tax revenue. Theoretically, then, the average home owner with a property worth $5,000 would pay a maximum tax increase of some 20 cents per year.

But the question may well be asked: How much would it cost to do the whole job in this city? Assume that the community decides to undertake a program to rehouse 20 per cent of its 200,000 inhabitants or 10,000 of its 50,000 families. In order to achieve rents within the reach of the city's 10,000 low-income families, 10,000 new homes will have to be exempt from taxes. What, as a result, will be the effect on the balance sheet?

Again using the figure of $40 as an approximation of the average property tax charged annually to these 10,000 families living in the slums, the removal of these slums from the tax rolls and the substitution of tax-exempt public housing would cut off only about 5 per cent of the city's total property tax levy of $8,000,000. Therefore, even if no tangible profits of any kind resulted from the rehousing program in the form of additional sources of revenue and savings in the costs of government, and assuming that full taxes are ordinarily collected in the slums, the removal of all these families from the tax rolls would only raise the present 2 per cent tax to 2.1 per cent.[6]

[6]For a related phase of tax exemption, under homestead laws, see: NATIONAL MUNICIPAL REVIEW, March 1939, "Iowa Tries Tax Exemption" (p. 200); May 1939, "Mississippi Provides Tax-Free Homes" (p. 365). For tax delinquency, rural and urban, in New Jersey and Wisconsin, see April 1939, "New Jersey One-fifth Tax-delinquent" (p. 279).

Moreover, the loss in tax revenue, even though it is a theoretical loss, will probably be offset by the saving in municipal health and police services due to the wholesale elimination of slum hovels and by the benefits derived from the investment in enduring public improvements.

Other advantages also flow from public housing projects. For example, the purchase of the necessary property by the local housing authority necessarily means full payment of back taxes by the former owner. Some of the worst homes in the city are cleared. Rotten slum districts are replaced by modern housing projects. Adjacent areas take on new life.

In short, since slums must be paid for in any eventuality, the choice lies between slum maintenance in increased municipal service outlays or in the maintenance of the public housing project.

Significantly, by raising property values in nearby neighborhoods, and by stimulating private construction, a slum clearance and public housing program brings surprising results. New stores, new motion picture theatres, new homes are arising in the neighborhoods of many of the public housing projects. The owners of residences and apartment houses nearby tend to remodel, repair, paint, and beautify their own structures.

### COURTS APPROVE TAX EXEMPTION

It is important to note that tax exemption has been judicially approved as an essential prerequisite to full local participation in the USHA housing program. Tax exemption of public housing projects has been declared constitutionally valid by the highest courts on the following bases, in the states indicated:

(1) Property of municipal corporations: Alabama, Illinois, Montana, North Carolina, Tennessee; (2) Property of public charitable institutions: Georgia, Illinois; (3) Property used for exempt municipal purposes: Florida, South Carolina; (4) Property used for public purposes: Georgia, Indiana, Louisiana, North Carolina, Pennsylvania, South Carolina, Tennessee, West Virginia.

Whether by judicial pronouncement, by self-executing constitutional provision or constitutional implication, or by statutory statement, there is abundant authority for the exemption of public housing projects from taxation in most of the thirty-eight states now possessing enabling housing legislation.

### FULL TAXATION PROHIBITS LOW RENTALS

In order to operate a 450-family project (development cost, $2,000,000, including land, slum demolition, dwelling and non-dwelling facilities) and pay back the money borrowed from the USHA and from local investors, the local housing authority, with the help of the USHA annual contributions, would need to charge no more than $3.50 rent per room per month (excluding utilities) or $14 rent for a four-room unit.[7] But full annual taxes would amount to $40,000, at a 2 per cent rate, for the entire project, or $1.85 per room per month. Full taxes would in effect levy about three times as much taxes on project dwellings as were levied on

[7] This figure would be lower in the typical small town, and might be higher in large cities.

the slum homes. Hence the rental for a four-room dwelling would be increased from $14 a month to $21.40, an increase of about 50 per cent!

What would the result of this increase be in rentals? First, it would automatically exclude slum dwellers from residence in the public housing development. Many slum families can afford to pay $14 shelter rent monthly for four rooms, requiring an average annual income of only about $750; but almost none can pay more than $20, a rental requiring an average annual income above $1050. Moreover, the project would tend to encroach upon the group of tenants adequately served by private enterprise. The relatively high rentals brought about by the necessity of paying full taxes would draw families who might afford to live in acceptable homes provided by private builders.

As already noted, every conservative estimate points to the future reduction of USHA and local contributions. The current trend in the financing of the construction or development cost of the projects is equally promising. At present, the maximum USHA share of the development cost of a project, 90 per cent, is for the most part being borrowed from private sources and the minimum local share of the loan cost of a project, 10 per cent, is being borrowed from local sources.

Today, the USHA is encouraging gradual investment of idle private capital in the development of public housing projects. The local housing authority is being encouraged to borrow above 10 per cent of its project construction cost from sources other than the federal government. In this way, USHA loans for construction may be reduced to less than 90 per cent. In the near future, the local housing authority may be able to borrow 20, 30, or 50 per cent from local sources and USHA may need to supply only 80, 70 or 50 per cent of the project development cost. With the entrance of private capital into the field of public housing by financing more than 10 per cent of the cost of housing projects, vast and untapped sources of capital would be released for investment in a field where capital investment is lagging markedly.

### BONDS AS LEGAL INVESTMENT

Since the beginning of the year laws enacted in thirteen states have made bonds of housing authorities legal investments for both public and private funds. All of them (excepting Connecticut and New Mexico[8]) provided that the public agencies of the state, banks, insurance companies, building and loan associations, trust companies, and other financial institutions and fiduciaries could invest in bonds issued by any housing authority in the United States when such bonds are secured by annual contributions to be paid by the United States Government. The enactment of such laws indicates that the states regard the bonds of housing authorities, secured by a pledge of USHA annual contributions, as sound investments.

Under the present federal going

[8]In these two states only bonds issued by their own local authorities are legal investments. Connecticut authorizes savings banks to invest 5 per cent of their deposits and surplus in certain bonds of housing authorities in the state. New Mexico authorized public bodies and private financial institutions to invest in obligations issued pursuant to the state housing act.

rate of interest, USHA annual contributions may constitute as much as 3¾ per cent of the project development cost. This amount is approximately equal to the amount necessary annually to meet principal and interest payments on all the bonds issued by the local authority, both those purchased by the USHA and by private investors. As a matter of law, the statement in the United States housing act that the faith of the United States is solemnly pledged to the payment of all annual contributions thus contracted for recognizes that the federal government's obligation under an annual contributions contract is the same as the direct obligation of the government on its own bonds. The act also provides that payments under annual contributions contracts shall be pledged as security for any loans obtained by the local authority to assist the development of the project.

To survey the entire national scene, in the following twenty-three states bonds of local housing authorities are now legal investments for public and private funds: Arizona, Arkansas, California*,[9] Colorado*, Florida*, Georgia*, Idaho*, Illinois, Louisiana, Maryland*, Michigan, Mississippi, Montana, New Jersey, New Mexico, New York, North Carolina, Ohio, Rhode Island*, South Carolina*, Tennessee*, Texas*, Washington*.

In addition to the twenty-three states listed above, in the following five states bonds of local housing authorities are legal investments for public funds: Indiana, Massachusetts, Nebraska, Oregon, Wisconsin.

To sum up, there is no mystery or statistical juggling in the financing process of the USHA slum clearance and low-rent housing program. The financing of public housing projects is open, sound, and conservative.

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[9]In states marked *, bonds of any housing authority or agency in the United States are also legal investments for both types of funds.

EDITOR'S NOTE.—This is the second of two articles on municipal housing authorities. The first, "Our New Municipal Landlords," by Morris B. Schnapper, appeared in the June 1939 issue.

# Illinois Legislation Council Completes Its First Year

By CHARLES M. KNEIER, *University of Illinois*

***New body, although proceeding cautiously, has demonstrated its usefulness to General Assembly; increased appropriation for next biennium insures expansion of work well begun.***

AS EARLY as 1913 an unsuccessful effort was made in Illinois to create a legislative council. While designated as a joint commission, the composition and functions of the proposed body were those of a legislative council. An attempt was again made in 1935; but it was not until the 1937 session that a council was actually created, with its research department being organized in June 1938. The council has thus completed its first year of work, which included a biennial session of the legislature.

The Illinois council is composed of ten senators, appointed by the President of the Senate upon the recommendation of the Executive Committee, and ten representatives, appointed by the Speaker of the House, with the President of the Senate and the Speaker of the House ex-officio members. The law provides that representation on the council shall be in proportion generally to the relative strength of the political parties in each house, but in no event may the majority party in either house have more than two-thirds of the members from that house.

The Illinois statute provides that the members of the council from the House shall be appointed during each regular session. The Speaker of the House has interpreted this to mean that all council seats of House members are vacant and must be filled at each session. Council members who returned to the House were, however, reappointed by the Speaker, new members being appointed only to fill the seats of those not re-elected.

In the case of the Senate, the statute provides that the President of the Senate shall appoint only the number of senators necessary to provide its representation of ten members. This has been interpreted to mean that, once appointed, membership continues as long as the person continues in the Senate.

The council may meet as often as necessary, but it must meet at least once in each quarter. In actual practice several special meetings have been held at the call of the chairman. Committees of the council have held public hearings in Springfield, Chicago, and other cities in the state on questions pending before the council.

The purpose of the Illinois Legislative Council, in the words of T. V. Smith, former State Senator and now Congressman at Large from Illinois, who was responsible for its creation, is "to unite scientific intelligence and political sagacity in the service of the state." In the preamble to the act it is stated that legislative planning and formulation will "by being recognized and made properly antecedent to regular sessions, conserve legislative time, save unnecessary expense, improve ensuing debate, and restore legislative activity to the high place in government and public esteem which it merits." At the time the

council was created the hope was expressed that it would formulate a legislative program for submission at the opening of a session; that through its research department it would make available to the members of the legislature facts on questions of public policy on which they would be required to pass judgment; that through the formulation of such a program the time of the legislature would be conserved and ultimately that legislative sessions might be shortened; and that the council might replace special interim commissions.

Under council rules proposals may be introduced by any member of the General Assembly, but of the sixteen proposals thus far introduced, only one has been by a non-member of the council. These proposals are discussed by the council as a whole or referred to a committee. If the matter is one of general significance, which will probably be up for consideration by the General Assembly, it is referred to the research department for study. Thirteen reports have now been prepared by this department. When the report has been prepared, it is submitted to the council for its consideration and a copy sent to each member of the General Assembly.

The council must complete its recommendations at least thirty days prior to any session of the General Assembly to which they are supmitted. One important question of policy which was given early consideration was as to whether definite recommendations should be made either by the research department or by the council. It was generally agreed that the reports of the research department should be factual, without recommendations. In many cases alternative courses of action are indicated with a listing of the arguments for and against each possibility.

A more difficult question was as to whether the council itself should take definite action on proposals submitted to it and make specific recommendations regarding the enactment of laws. For the first session at least, it was decided that reports would be submitted to the General Assembly without recommendation.

### NO RECOMMENDATIONS MADE

On only five of the thirteen subjects covered in the reports were bills submitted by the council, and in each case there was no recommendation other than that implied by their submission. The actual drafting of bills is done by the Legislative Reference Bureau which is not connected with the council. Bills prepared for the council have in each case been introduced by the member especially interested in its subject matter.

Several of the research department's reports were used by private agencies which drafted bills based on the material found therein. The reports were also used in support of bills before committees, and on the floor of the two houses they were sometimes quoted either in support of or in opposition to a bill.

To achieve its greatest usefulness the council should ultimately have as its goal the formulation of a legislative program, including the submission of bills with a recommendation for passage by the General Assembly. The danger in this procedure, of course, is that opposition may develop on the ground that the council is assuming the position of

a "little legislature" and attempting to do the thinking for the entire body. Some criticism of this nature has been voiced in Illinois. Such criticism can probably be avoided if it is made clear that bills are submitted only as a basis for consideration and that the council will make no attempt to force its ideas on the legislature. The council must convince the members of the legislature that it is not seeking credit for the council *per se* but is interested only in securing desirable legislation. Such action has already been demonstrated by members of the council who in the recent session permitted their own bills to die when similar legislation was introduced by non-members.

### COÖPERATION WITH PRIVATE GROUPS

Some of the proposals have specifically authorized the research department to coöperate with private organizations in preparing research reports. In others this has been done at the suggestion of the sponsor of the proposal or by the research department on its own initiative. A revision of the revenue act was made in coöperation with the Illinois State Bar Association; a study of tax delinquency in Cook County was made in coöperation with the Citizens Committee on Tax Collections in Chicago. In one of these cases the resulting bills were handled by a member of the council and in the other by a non-member.

One of the questions discussed in connection with legislative councils is as to how successful they have been in securing the enactment of legislation. Since the Illinois council has made no definite recommendations this question has not arisen. On five different subjects the council or one of its committees either drafted or coöperated in the drafting of bills. A total of nine bills were submitted on these five subjects; seven of them, on four of the subjects, were either passed or substantially identical bills were passed. It is generally felt that the council rendered its greatest service in securing a codification of the revenue laws, the statutes governing property tax assessments and collections having been enacted at various times since 1872 with no restatement or codification during that period. While the school bills sponsored by the council were dropped by the member introducing them when substantially identical bills were introduced by a non-council member, it is generally accepted that the school legislation which has been passed in the session just closed is of greater significance than that passed for several years and that the research report and work of the council have been of value in securing this result.

In some respects the number of bills passed is not a satisfactory test of the work of a legislative council. Thus a council might authorize a research study on a timely public question and decide that legislation is not needed. Certainly we cannot assume that all research reports should result in positive legislation. If it is an important public question on which public opinion is divided and which will undoubtedly be considered by the legislature, the council might draft a bill and submit it, even though it believes such legislation is not needed. Another approach, however, would be for the council to submit no bills and specifically recommend

that no legislation be enacted on the particular subject.

Thus far the existence of the council has not reduced the number of interim commissions, which its advocates claimed to be one of its advantages. In debates on some of the bills establishing interim commissions the argument has been advanced that this was a question which should be handled by the council; generally, however, the argument was made and accepted that there was sufficient work for the council and also the proposed interim commission. It is believed, however, that with the council established and functioning, there will be a decreasing use of the special commission.

The feeling that a legislative council is a "little legislature" attempting to dictate to the members of the General Assembly appears to be more general than in the case of special interim commissions. In view of the specific and definite recommendations made by the interim commissions this may be accounted for by the fact that the council is a continuous body and not limited in the scope of measures to be considered as is the commission.

An encouraging sign has been the introduction of resolutions in the General Assembly calling upon the council either to make or to cooperate in making studies on specific subjects. During the session just closed, the research department cooperated with a joint commission of the General Assembly in making a study of highway administration. The commission called in an expert on highway administration but also requested the coöperation of the council. Some of the bills creating special interim commissions also provide for its coöperation.

### OTHER DEPARTMENTS HELP

In the work of the council and especially in the preparation of research reports, the coöperation of private agencies and of state departments has proved invaluable. When the research department was first organized there was some feeling on the part of some department heads that they were to be "investigated" and consequently there was a reluctance on their part to supply data when requested. This attitude has disappeared, however, since the administrative officials have seen in the council a means of securing needed legislation. The Department of Conservation has coöperated with the council in securing needed amendments to the fish and game codes; the offices of the Superintendent of Public Instruction and Department of Public Welfare have coöperated in amending the law relative to the education of handicapped children. On several questions the assistance of the State Tax Commission has been invaluable, the chairman of the commission appearing before the council in connection with some of these matters. The council has, it is believed, made progress in gaining the confidence of administrative officers by demonstrating that it proposes to make nonpolitical, impartial studies of state governmental problems.

A Legislative Reference Bureau was established in Illinois in 1913. When the Legislative Council was created the question arose as to its relationship to the reference bureau. No formal relationship is provided in the statutes, the two being entirely

separate organizations. The two agencies have, however, coöperated to a high degree, council bills being drafted in the reference bureau. Fear has been expressed by some that jealousy and conflict would develop between the two agencies but there have been no signs of this. The Secretary of the Legislative Reference Bureau welcomed the establishment of the council and during the first year assisted in financing it out of his funds. The work of the two agencies is of a different nature and the possibility of conflict seems remote.

### THE COUNCIL AND THE GOVERNOR

One of the problems which arises in connection with legislative councils is that of its relationship to the Governor. A formal relationship is established in Illinois, the law providing that the "Governor shall have the right to send messages to that session of the council convening next after the adjournment of the regular session of the General Assembly, and may from time to time send additional messages containing his recommendations and explaining the policy of the administration." While Governor Horner has not as yet availed himself of the privilege of sending messages to the council, he has assured it of his support and has coöperated wholeheartedly in its work. The original biennial appropriation of $10,000 for the council was inadequate and the Governor assisted in providing additional funds.

The danger of friction and conflict between the Governor and the council has been pointed out as a possible pitfall of legislative councils. It has been suggested that if a council formulated a comprehensive legislative program it might interfere with the power of the Governor in this regard. Improvement in the legislative process, it is said, will reestablish the prestige of the legislative department and indirectly affect the position of the Governor. There has been no indication of fear on the part of Governor Horner of such a development. Rather has he taken the position that if the legislative council improves the governmental process, it will be of direct advantage to the public and indirectly to the party in control. This he states is good politics as well as good administration. It should be pointed out again, however, that the Illinois council has not formulated a definite legislative program. If the council does present such a program, and it conflicts with that of the Governor, friction may develop.

If either the council or its research department can be said to be more important, it is, in the opinion of the writer, the council itself. Council members bear the burden not only of shielding the research department from partisan and other pressures, but also of establishing and maintaining friendly attitudes to the council on the part of their colleagues in the General Assembly. The research department has a technical job, on which the mileposts may more readily be seen and followed, and so long as the research staff avoids the more glaring errors of omission or commission, its work is not likely to have a determining effect on continued support of the council idea.

The policy of the Illinois council in proceeding cautiously in the formulation of a legislative program has, it is believed, been a wise one.

The council will probably take a more militant and positive attitude in this respect in the future, and this should increase its usefulness to the General Assembly.

During the first year of its existence the Illinois Legislative Council has demonstrated that it can be of service to the General Assembly. It has followed the policy of proceeding cautiously rather than assuming a militant attitude of furthering legislative action. It has remained in the background during the regular legislative session, the council meetings during that period being perfunctory. This policy has tended to gain the confidence of the General Assembly and to dispel the fear that the council will become a superlegislature. The increase in the appropriation for the council from $10,000 for the first biennium to $50,000 for the next biennium indicates a belief on the part of the General Assembly that the council can be of service. With this increased appropriation, the Illinois Legislative Council should during the next two years make a significant contribution to the legislative process in this state. The council has thus far had only two research men and a part-time typist on its staff. With the increase in funds, expansion of the work of the council will now be possible.

## MUNICIPAL UTILITIES

(Continued from page 631)

while the demands on the various municipal activities have been increasing. Consequently the prospect of electric plant profits is an alluring one for the shift to public ownership.

In most instances where private electric service is furnished, a municipal system would be able to make substantial profits at prevailing rates, provided the existing properties are acquired at a reasonable price. This availability of profits may serve as an inducement to public ownership, while the principle of service-at-cost and low rates would make little direct appeal.

As a practical matter, a municipality might well initiate public ownership on the basis of immediate profits, and subsequently it could develop a long-range program of gradual rate reductions and stimulation of consumption. It could thus preserve substantial net earnings for general municipal purposes, and at the same time enable the community to realize the economic and social advancements which are dependent upon low rates. This should always be the responsibility of municipal officials, whether the utility is privately or publicly owned. The type of ownership is secondary; community progress is fundamental.

# Philadelphia Carries On

By JOHANNES U. HOEBER

*Philadelphia City Charter Committee*

***Committee organized to campaign for adoption of new charter continues its efforts despite failure of legislature to enact bills; question to dominate this fall's elections of mayor and council.***

WITH the adjournment of the 1939 Pennsylvania legislature *sine die* the curtain fell on another battle for municipal reform in America's third largest city, Philadelphia.

On May 2nd the State Senate passed by a vote of thirty-eight to eight the city manager-proportional representation bill sponsored jointly by Senators Woodward (Republican) and Shapiro (Democrat). Governor James, who had promised home rule for Philadelphia during his election campaign last autumn, announced early in May that he would sign the bill if passed by the House of Representatives. At that time hopes ran high that Philadelphia would achieve its long desired modern form of city government. If the legislature had passed the measure the people of Philadelphia would have been called upon to approve or reject it at a special election which, under the provisions of the bill, would have been held four weeks after its enactment.

A survey conducted in March by the *Philadelphia Evening Bulletin,* under the supervision of Dr. George H. Gallup and the American Institute of Public Opinion, showed that 72 per cent of all citizens questioned expressed an opinion on the new charter and that 76 per cent of that number would approve the proposal. But the charter never reached this final stage. After its passage through the Senate, the bill was sent to the House of Representatives. The House referred it to its Committee on Cities of the First Class which in turn appointed a subcommittee to give it "thorough and intensive study." And there it remained until the legislature finally adjourned on May 30th.

Philadelphia's fight for a new form of city government has a long history. Since 1919 the city has been operated under a mayor-council charter. This charter was hailed at the time of its enactment as a big step forward because it abolished the old-fashioned two-chambered council and reduced the city's legislative body from 145 to 22 members. It has nevertheless not worked very well. The main defects were two: (1) it could not correct the division of authority between city and county, co-extensive in Philadelphia, which had been abolished by an act of consolidation in 1854 but restored by judicial interpretation of the Pennsylvania constitution of 1874; and (2) it did not eliminate the division of authority between mayor and council, the inherent weakness of all mayor-council charters.

In November 1922, article XV, section 1, of the Pennsylvania constitution was amended to read: "Cities, or cities of any particular class, may be given the right and power to frame and adopt their own

charters and to exercise the powers and authority of local self-government, subject, however, to such restrictions, limitations, and regulations as may be imposed by the legislature." As early as 1929 a bill was introduced into the legislature amending the 1919 charter to provide for a council-manager form of government with election of city council by proportional representation. The same bill was introduced again in 1931. Both, however, were defeated.

### CHARTER COMMISSION APPOINTED

In 1937 a constitutional amendment to consolidate the city and county of Philadelphia was voted upon by the electors, but although it received a majority in Philadelphia it was defeated in the state as a whole. While the campaign for this consolidation amendment was under way and its passage was hopefully expected, the matter of charter reform was taken up again. In April 1937, in pursuance of an act passed by the legislature, the Governor and the legislature appointed the Philadelphia Charter Commission, headed by Thomas Evans and composed of members of both parties, Senators and Representatives, public officials, representatives of employers and labor, and prominent citizens. Its staff was headed by Rollin B. Posey, of the Institute of Local and State Government of the University of Pennsylvania, as executive secretary. Shippen Lewis, Esquire, of the Philadelphia Bar, was its chief counsel. After eighteen months of investigation and study this commission submitted its report in September 1938.

It based the new charter which it proposed for Philadelphia on the 1922 constitutional home rule amendment. A referendum was required to put it into effect after its passage by the legislature. It provided further that in future nothing but an ordinance of city council would be required to amend those articles of the charter which deal with the Departments of Recreation and Parks, Public Health, Medical and Social Welfare, Detention and Correction, Public Safety, Public Utilities, Public Works, City Property, and Law, and that all other articles could be amended by ordinance of council with the approval of the electors. Only with regard to amendments so passed by council and approved by the electors which would alter the basic principles of the proposed system did the proposed charter reserve to the state legislature the right to interfere.

In drafting the new charter the Philadelphia Charter Commission made use of the latest experience available in the field of municipal government. The result is a council-manager charter designed to suit the needs of a city much larger than those to which this form of government has so far been applied.

### P. R. FOR COUNCIL

The legislative power is concentrated in the city council to consist of eleven members elected by the city at large according to the Hare system of proportional representation, after candidates have been nominated by petition. This council is to elect a mayor from among its members as its presiding officer and as the city's ceremonial head. The chief executive shall be a city manager elected by council for an indefinite term of

office and removable at its pleasure. He need not be a resident of the city at the time of his election. The city's administration is divided into fourteen departments the heads of which, with the exception of the city controller and the city treasurer who under the state constitution are elective officers (and also county officers), are appointed by the manager. His appointments are not subject to the approval of council. The city manager is also given the right to appoint and remove, subject to the provisions of law as to civil service, all officers and employees in the departments which are under a head appointed by him.

The civil service is greatly strengthened and expanded. The administration of the service is put into the hands of a personnel director, selected by the manager from the three highest candidates on an eligible list established by competitive examination. The quasi-legislative and quasi-judicial functions of adopting and changing rules for the administration of the service, approving a classification plan to be prepared by the personnel director, making investigations concerning the civil service provisions, and hearing and deciding appeals from employees who have been dismissed, reduced in pay or demoted, are put into the hands of a Civil Service Commission of three members. This commission is elected by council by a method which gives any minority group that controls more than one-fourth of council a representative on the commission. No person who holds any public office or who within one year preceding his election has been an officer of a political party or a member of a committee of a political party shall be eligible to serve as commissioner. The number of positions in the unclassified service is reduced, temporary exemptions are forbidden, and provisional appointments permitted only if the personnel director fails to certify to the appointing authorities the names of eligible candidates from employment lists within thirty days. The adoption of a classification plan by the Civil Service Commission and of a compensation plan by council is made mandatory. The persons in the classified service are given the right to appeal to the Civil Service Commission in case of dismissal, reduction in pay, or demotion, and the commission's decision is ultimately binding upon the appointing authority. To safeguard the provisions as to civil service, any taxpayer is given the right to institute a taxpayer's suit against violations of the law.

In view of Philadelphia's financial position, the chapter of the proposed charter dealing with finance was written with particular care. A Department of Finance is created in which all activities having a bearing on the city's financial policy are concentrated. The task of preparing the budget, at present performed by a clerk in the mayor's office, is transferred to a Budget Bureau headed by a budget director in the Department of Finance, which is under the city manager. This bureau will not only prepare the budget but supervise and control the expenditures of all departments and agencies throughout the year. In addition to the current budget a capital budget has to be prepared, showing what financial obligations will arise for the city each year due to carrying out a plan of

capital expenditures to be designed for ten years ahead.

DEBT PROVISIONS

In order to check further increase in the city's debt the charter provides that in future all capital projects must be financed by serial bonds instead of sinking fund bonds, and that 2 per cent of the capital budget in the first year and an additional 2 per cent in each following year are to be paid out of current expenditures, thus putting the city on a pay-as-you-go basis at the end of fifty years. In determining the amount of the capital budget to be met out of current revenue, self-liquidating projects and projects involving a capital outlay of more than ten million dollars may be left out of consideration. Strong legal safeguards are provided to make sure that all expenditures the city must make are included in the budget and that the revenues through which it is expected to pay for them are not overestimated.

The assessment of taxes, at present a function of the Board of Revision of Taxes, is transferred to a newly created Bureau of Assessments in the Department of Finance. At present the Board of Revision of Taxes not only makes the assessments but also hears and decides appeals from taxpayers against its own assessments. The new charter, following the principle that administrative and judicial functions must be separated, creates a Board of Assessment Appeals to be appointed by the judges of the Court of Common Pleas.

The Department of Supplies and Purchases is abolished, and its place is taken by a Purchasing Bureau in the Department of Finance. This bureau will make all purchases "to be paid for out of the city treasury," thereby bringing the county offices as well as the city offices under the authority of this centralized purchasing agency.

In accordance with its general tendency to make the city's administration think in terms of a systematic and farsighted policy, the new charter creates a Department of City Planning. Philadelphia has had a Planning Commission since 1919, but it has never had any real power and the studies it has made with the assistance of WPA funds have not been given proper consideration by city officials. The two main functions assigned to the new department are the preparation of a master city plan and of the yearly capital budgets. Attached to the new department is a Planning Board, composed of seven appointed and six ex-officio members. This board will have far-reaching powers with regard to the master plan and the capital budget. Council will be bound by its decisions unless it overrules them by a two-thirds majority.

In dealing with relations between city and county, one of the major sources of the city's administrative and financial difficulties, the Charter Commission was greatly handicapped by the defeat of the constitutional amendment aiming at their consolidation. Most county offices are protected by the constitution. The salaries of a number of county officers are fixed by law, in the case of others the sole power to fix them is given to the officers themselves. How far city council may use its power as the county's tax-levying body to control

the remaining expenditures of the county offices and agencies is at least doubtful. The Charter Commission tried to solve one of the most urgent problems with regard to city-county relations by submitting with the charter an ancillary bill establishing the merit system in county offices and providing that the city's Civil Service Commission shall act also as County Civil Service Commission. At present no county offices are subject to civil service regulations. This ancillary bill, however, did not even pass the Senate.

Immediately after the Charter Commission published its report proposing a new charter, a citizens' campaign for its adoption was inaugurated. Philadelphia is very fortunate in having an old established organization for such purposes—the City Charter Committee. It is one of those nonpartisan organizations of private and independent citizens from all sections of the community which, like the Citizens' Union in New York and the Charter Committee in Cincinnati, have contributed so much to the promotion of better municipal government in the larger cities. It was originally created to sponsor the 1919 charter and it proposed the first council-manager charters in 1929 and 1931. Now, after the publication of the Charter Commission's report, it was reorganized to lead the campaign for the new charter. Its chairman is Thomas Raeburn White, one of Philadelphia's most prominent lawyers.

### CAMPAIGN ORGANIZATION

Headquarters were set up in the center of the city with Frederick P. Gruenberg as executive secretary and Walter J. Millard, field secretary of the National Municipal League, as educational director. Quickly a large number of volunteer workers rallied around the committee. A speakers bureau was organized to meet the mounting demand from all sorts of groups for speakers to explain the issues involved. More than a hundred organized civic, business, trade and professional groups formally endorsed the new charter. A Women's Division started to organize the women and succeeded in setting up permanent groups, each headed by one Republican and one Democrat in most of the wards of the city. Petitions were circulated and signed by more than 100,000 people. A separate organization, the Charter League, undertook particularly to interest the younger people in the charter. The committee's publicity department succeeded in obtaining the coöperation of daily newspapers and neighborhood papers and toward the end of the campaign all four major daily newspapers in Philadelphia supported the demand for home rule embodied in the new charter.

The Charter Committee's cause was greatly strengthened when at the end of 1938 and the beginning of 1939 a grave crisis developed in the city's administration that made citizens conscious of a state of affairs that had taken shape gradually over a period of many years. This crisis was mainly characterized by a complete deadlock in the city's financial administration. In addition to a net bonded debt of approximately $400,000,000, which absorbs about 46 per cent of the city-county government's annual revenues for debt service, cur

rent deficits created by short-changing appropriations and overestimating revenues reached approximately $40,000,000.

Faced with this situation city council did not adopt a budget for 1940. For the purpose of funding the deficit and meeting the city's most urgent obligations, it started negotiations for a $50,000,000 loan with the R.F.C. and a group of banks, for which it proposed to pledge the rentals from the city-owned but privately-operated gas works over a long term of years. As this paper is being prepared no city budget has as yet been adopted and the payrolls for the city's employees have to be released from month to month by permission of the courts.

Approximately two-thirds of Philadelphia's city debts were contracted in the twenties. It should be remembered that in those years of prosperity, which were expected never to end, cities not only in the United States but all over the world invested huge sums in all sorts of buildings and other structures, which at that time were considered to be necessary or desirable. But Philadelphia's indebtedness is higher than that of most cities of the same or similar size. It is harder to bear because it rests on a city whose economic life has declined lately for other than cyclic reasons. And part of the money has been spent at least unwisely, if not carelessly.

### CITY SERVICES POOR

It might be regarded as tolerable, although undesirable, that a city of the size and economic resources of Philadelphia incurred such an amount of debt if as a result its citizens had received exceptionally good municipal services. But at present some of these services are below the standards reached in other cities. This is particularly true of water supply, sewer program, and police and fire protection. Certain other much needed services are not provided for at all. For instance, Fairmount Park in the northwest of the city is one of the largest municipal parks in the world. But it is many miles away from the city's most densely populated areas in the northeast and south and is therefore of little service to the people living there. Yet in these areas, where open spaces and recreation facilities are more urgently needed than anywhere else in the city, they are almost entirely lacking.

All these facts were strong arguments for the proponents of the charter, who advocated it not as an end in itself but only as a means of giving Philadelphia a better municipal administration, and under their influence the charter campaign developed into a strong popular movement. What gave this movement its real strength was the fact that it was not only backed by the political party opposed to the present city government—the Democrats—but also by a large number of independent Republicans, and that its leadership was recruited largely from the latter group.

That the charter nevertheless did not pass the legislature was due to the particular political set-up that resulted from the 1938 elections in Pennsylvania. These elections gave control over the legislature that decided the fate of the bills to the same

political party that dominates Philadelphia's city government.

Today, nearly four months after adjournment of the legislature, it may safely be predicted that the fight for a new city charter for Philadelphia will go on. All qualified observers agree that this time the campaign for a new city charter has gone much deeper into the consciousness of the masses than ever before. The Charter Committee publicly announced its determination to continue the fight for the new charter. Moreover, the conditions which the charter meant to change continue to exist and will, by their very existence, keep the charter issue alive. It will dominate the municipal elections which will be held this November. At these elections the present administration will be opposed by a coalition of Democrats, independent Republicans, and charterites, that will make the charter one of its main campaign issues. If the elections bring into City Hall a new government, that administration itself will probably feel the desirability of improving the mechanism with which it is required to work. If the present forces remain in power, they will probably add fresh fuel to the fire of public discontent and thereby emphasize the need for reintroducing the charter bills in the 1941 legislature.

There exists, as every student of political science knows, throughout all great American cities a very definite trend away from the system of patronage which may have been, although not satisfactory, at least endurable thirty or forty years ago, and towards a system of public service which alone may be regarded as adequate to cope with the social and economic conditions of the present day. Philadelphia, traditionally hesitant to accept innovations, may follow this trend more slowly than other cities, but it is bound to follow it sooner or later if it is to hold its place among the great cities of this country.

# Twenty-one Tennessee Cities Buy Electric Systems

By FRANK A. NEFF, *Dean*
*College of Business, University of Wichita*
and MARY V. NEFF

***Record sale of municipal bonds for purchase of electric plants by municipalities ends long struggle between private utilities and TVA.***

THE most singular sale of municipal securities in history took place in August, when the turbulent years of dissension between private utility interests and the TVA ended abruptly in Tennessee. Nineteen cities acting practically simultaneously bought out their electric distributing systems, previously owned by the Tennessee Electric Power Company, and issued $33,988,000 in revenue bonds to finance their purchase. Two other cities, Memphis and Athens, had already sold bonds for the same purpose a few weeks previously, and their sales brought the total financing to the sum of $46,148,000.

Never before has a group of cities acted in concert in carrying through a program of financing. Eight of the sales actually occurred on the same day and in the same room of the Nashville County Building, at intervals of one hour. Two days later, on August 4th, nine more cities conducted their sales at hourly intervals in the same room of the Knoxville Post Office.

### *Cities Act with TVA*

On May 12th Wendell Willkie, president of Commonwealth and Southern, the holding company which controls the Tennessee Electric Power Company, signed an agreement with the TVA to sell its holdings in the state of Tennessee for $78,600,000. Parties to the contract were the TVA and twenty-one Tennessee cities. The TVA was to buy certain dams and generating units, and the cities were to purchase their own distributing systems. The TVA contracted to sell to the cities their supply of current at certain wholesale rates, while the cities contracted to buy their supply at these rates from the TVA. The Tennessee company for its part agreed to sell its properties at the $78,600,000 figure.

After the contract was signed the twenty-one cities advertised their bonds for sale, and most of them received bids and awarded their bonds to investment bankers, who began selling them conditionally to investors. In the meantime, however, the TVA appropriation, upon which the whole deal depended, bogged down in Congress. The original bill called for a $100,000,000 appropriation, but its congressional foes scaled this figure down by repeated raids. For a time it was doubtful whether there would be any appropriation at all.

### *Bankers Cancel Contracts*

The bond firms which bought the municipal bonds had all retained the right to cancel their commitments if the bonds were not delivered by July 1st. Since consummation of the sales was contingent on the appropriation, all contracts except two (Memphis and Athens) were cancelled on that date.

The *Chicago Journal of Commerce* stated the dealers' dilemma in this way:[1]

> The specific reason assigned for cancellation of the agreements was the non-delivery of the securities. A further factor, of course, is that the congressional appropriation did not come as quickly as many had hoped for, and the political discussions have served to cloud the facts. With each additional day of delay some of the houses have felt that not only has the price situation worked adversely so

[1]Harry M. Adams, "Bond Dealers Cancel Options to Purchase Tennessee Loans," *Chicago Journal of Commerce* (July 1, 1939), p. 1.

| City | Amount of Bond Issue | Annual Interest Cost (%) First Sale | Annual Interest Cost (%) Second Sale | Increased Cost (%) |
|---|---|---|---|---|
| Athens | $ 410,000 | 2.89[a] | .... | .... |
| Chattanooga | 13,200,000 | ...[b] | 2.705 | .... |
| Cleveland | 750,000 | 2.599 | 2.77 | 0.171 |
| Clinton | 340,000 | 2.965 | 3.09 | 0.125 |
| Columbia | 800,000 | 2.6178 | 2.80 | 0.1822 |
| Harriman | 276,000 | ...[b] | 3.19 | .... |
| LaFollette | 500,000 | ...[c] | 3.62 | .... |
| Lenoir City | 272,000 | 3.17 | 3.32 | 0.15 |
| Lexington | 150,000 | 3.06 | 3.34 | 0.28 |
| Loudon | 105,000 | 3.13 | 3.24 | 0.11 |
| Maryville | 425,000 | 2.67 | 2.81 | 0.14 |
| McMinnville | 450,000 | 2.69 | 2.9212 | 0.2312 |
| Memphis | 11,750,000 | 2.19388[a] | ... | .... |
| Mount Pleasant | 265,000 | 2.889 | 3.192 | 0.303 |
| Murfreesboro | 590,000 | 2.654 | 2.81 | 0.156 |
| Nashville | 15,000,000 | 2.2277 | 2.32 | 0.0923 |
| Pulaski | 120,000 | 2.605 | 2.88 | 0.275 |
| Rockwood | 135,000 | 3.44 | 3.66 | 0.22 |
| Shelbyville | 350,000 | 2.877 | 2.97 | 0.093 |
| Sweetwater | 95,000 | 3.202 | 3.33 | 0.128 |
| Winchester | 165,000 | 2.918 | 3.19 | 0.272 |
| TOTAL | $46,148,000 | | | |

[a]Sale consummated. [b]Sale postponed. [c]No bids.

far but each additional day of delay involves more speculation which they are reluctant to undertake.

Finally, on July 14th, the House and Senate agreed on a conference report carrying a $61,500,000 TVA appropriation. Of this amount, $46,000,000 was earmarked for the purchase.

This was the go-ahead signal, and the cities again advertised their bonds, the dates of sale being scattered through the first two weeks of August.

*Bonds Cheaper at Second Sale*

Unfortunately the period between the rescinded sales in June and the final sales in August coincided with a decline in the bond market, and the delay was costly for the cities. In every case cities secured less for their bonds than they would have if the cancelled contracts had actually been carried out. The difference varied from one-tenth of one per cent a year in the case of Nashville, to the pronounced difference of nearly one-third of one per cent a year in the case of Mount Pleasant. In terms of dollar interest cost, this is a 10 per cent rise, a considerable change for a period of only five weeks. The accompanying table shows the increase in costs to the cities involved.

The bonds of all the cities are optional and all mature serially over a term of twenty years with the exception of Chattanooga, whose $13,200,000 serial issue will be retired completely in thirty years.

The issues represent not only the purchase price of the distributing systems from the Tennessee Company, but include extra amounts for working capital and improvement and extension funds. This was necessary because for several years the Tennessee Company was cut off from

(Continued on Page 676)

# Toledo Honors Retiring Officials

*Mayor Start and Councilman Cohn given testimonial dinner at which Governor Bricker of Ohio sounds praises for Toledo's Manager-P. R. government and its officers.*

By RICHARD P. OVERMYER, *Executive Secretary*
*City Manager League of Toledo*

AN EVENT unique in the civic history of Toledo—and perhaps in the annals of municipal government in America—took place in the Ohio city on the night of August 28th when more than six hundred citizens turned out for a public appreciation dinner to pay tribute to two retiring public servants.

The two officials are Mayor Roy C. Start and Councilman Aaron B. Cohn, who announced recently that they would leave public life at the close of their present terms in Council December 31st. Mayor Start and Judge Cohn, who earned that title in ten years of service on the municipal bench before being elected to Council, have been the two outstanding leaders in Toledo's remarkable strides toward better government under the city manager—small council plan.

Governor John W. Bricker of Ohio, two United States Congressmen, official representatives of other cities, and prominent Toledo citizens joined in lauding the service of Mayor Start and Judge Cohn, and then in impassioned speeches pleaded with Toledoans to fight for preservation of the gains made under city manager government.

"Representative government is based on the citizen interest in that government," Governor Bricker said. "Loyalties to the city and state forms of government expand to the national government, and these loyalties must be founded on a loyalty to the community in which people live. These men have proved the merit and virtue of their loyalty to this type of government.

"Many governments have fallen because they failed to take care of their homely housekeeping duties in their respective communities, but there never were any tasks too trivial for these men to perform in their housekeeping work for Toledo.

*Governor Praises Toledo's Government*

"Proof of the interest of the general public in the type of service rendered by Mayor Start and Mr. Cohn is shown in the outpouring of citizens at this dinner. The kind of government you enjoy in Toledo under the leadership of your city manager, John N. Edy, and your councilmen came about as a result of the failure of the old type of government.

"Good government requires honesty and efficiency, and your city manager and the men being honored at this dinner are examples of this honesty and efficiency. In these times a deep and abiding confidence in public officials is needed, and the hundreds present at this dinner are proof that Toledo has such confidence in the integrity and service of these two men."

Governor Bricker pointed out that millions are spent in the building of monuments and educational institutions to honor persons who have worked in various fields, but he declared there could be nothing finer in the way of a memorial than to have played a part in building a better government for one's own community.

Others who paid tribute to the retiring officials and made pleas for continuance of good government were Grove Patterson, editor of the *Toledo Blade,* who also introduced Governor Bricker; Carlton K. Matson, public relations director of the Libbey-Owens-Ford Glass Company, and former editor of the *Toledo News-Bee,* who served as toastmaster; Henry S. Brainard, law director of Cleveland, who represented Mayor Harold Burton, John

N. Edy, city manager of Toledo, and Richard C. Patterson, general manager of the *Toledo Times*.

Mayor Start and Judge Cohn have been in the forefront of Toledo's progress in municipal administration since the inception of the new government on January 1, 1936. In each of his two terms Mr. Start was elected mayor by his fellow-councilmen. Judge Cohn has been the strategist and floor leader for the city manager forces in every battle against those who sought to undermine the new government, as well as an able and forceful leader of Council in its work on many large municipal problems.

### *Newspapers Enthusiastic*

In addition to the words of praise expressed by the dinner speakers, Mayor Start and Mr. Cohn were paid glowing editorial tributes by the Toledo newspapers after they had announced their decisions to retire. The *Blade* pointed out that the Mayor had "energetically and loyally supported the manager plan because of his conviction that it is a wise and efficient method of government." The editorial concluded: "When he leaves office the Mayor will take with him a great reward, that is, the satisfaction of having served faithfully and efficiently the city of which he has been a resident for forty years."

Of Judge Cohn the *Blade* said: "One of the most alert, constructive, and effective proponents of good government Toledo has ever had is Councilman Aaron B. Cohn. His decision not to seek re-election will remove a champion of honest and efficient municipal rule who will not be easy to replace.

"During his two terms in Council, Mr. Cohn has sacrificed his private business for the public service. He has made an immense contribution, and a great share of the credit for the establishment and maintenance of the city manager—small council plan should go to him."

High tribute also was given both officials in statements from the City Manager League of Toledo, which supported them both in 1935 and 1937 in their Council campaigns.

The tremendous success of the testimonial dinner—the main banquet room of the city's largest hotel was filled and scores were turned away—was especially significant in light of the fact that there was no real organized sponsorship for the affair. A small group of citizens got the idea only about two weeks before that such an appreciation dinner would be a splendid thing, not only to honor two outstanding public servants but to serve as a rallying point for continued good government.

These men enlisted the aid of a few others, including several representatives of the City Manager League, and, with the wholehearted and enthusiastic support of the press, plans for the affair expanded by leaps and bounds. A downtown ticket headquarters was established; Governor Bricker agreed to postpone a previously scheduled conference on state business in order to attend; two or three of those most active in the plans gave up their own businesses entirely for a few days to work for the success of the event.

The result, as stated by Governor Bricker and numerous others, was one of the finest tributes to and arguments for good municipal government they ever had witnessed.

# The Researcher's Digest: September

***Miscellaneous summertime achievements of the research bureaus include an exposé of a New Orleans refunding deal, a unique bibliography, and a new figure of speech.***

BY EXPOSING in detail a refunding deal between the Orleans Levee District and an investment firm whereby hundreds of thousands of dollars were lost to taxpayers, the **Bureau of Governmental Research of New Orleans** has been instrumental in the bringing of a suit by the levee board to regain the money. The *New Orleans Times-Picayune* published in its entirety the bureau's findings in a full page spread on August 1st.

The Bureau reported that the refunding contract "was against the public interest, improperly interpreted as to the method of computing compensation of the company, and grossly wasteful of public funds" and urged the Board of Commissioners to take remedial action. Bulwarking its charges with statistical exhibits and other pertinent information, the report charged that "the contract was never given publicity. It appears to have been given wholly inadequate consideration. Several vital contract terms are loosely drawn. A number of important powers were virtually surrendered to the company. The method of computing the compensation was unbusinesslike and resulted in grossly excessive payments to the company. Finally, the conclusion is inescapable that a large part, if not all, of the benefits which should have accrued to New Orleans from the three refunding issues has been lost."

## *Fiscal Electric Storm*

The **Princeton Survey of New Jersey Finance** coins a new term in its *Public Interest* (Folder) *Series No. 5*. "Tax lightning" is what it is calling "an erratic tax treatment, which generates 'tax-ridden' conditions of certain wealth and income levels with great detriment to business, industry, and employment." The Survey concludes that "the tax problem in New Jersey is not necessarily *more* taxes unless the people demand *more* services. It is rather *stabilized* and *equalized* taxes." A tabular comparison of the incidence of property and other taxes on similar corporations in Ohio, Massachusetts, and New Jersey illustrates "tax lightning" graphically and colorfully (in red ink).

## *A Bibliography of Growth*

An excerpt from the foreword to *The Pacific Northwest: A Selected Bibliography 1930-1939* is a succinct advertisement of a unique research adventure by the recently organized **Northwest Regional Council**:

> This volume is an attempt to compile a selected bibliography of research dealing with the physical and human resources of the Pacific Northwest. A conscious effort has been made to include a majority of the more significant contributions to varied aspects of the regional economy. In order to show trends in research, apparent gaps, and to point the way toward later productive investigations each major subject division carries an interpretative comment prepared by a specialist familiar with the field covered.

The volume is divided into three parts: completed research—published and unpublished, research in progress, and contemplated research. The titles themselves give evidence of the newness of the subject and its very palpable process of growth.

## *Legislative Councils and Why*

A report on *Legislative Councils and Commissions* by the **Bureau of Public Administration of the University of California** (1939 Legislative Problems, No. 12) emphasizes the need in California for a legislative staff agency equipped to furnish facts and to draw up a legislative program in advance of the session. The report comprises a thorough-going "concise" review of the development, duties,

functioning, and experience with legislative councils in the United States.

### *Research in New Hampshire and South Dakota*

Two new university-sponsored bureaus of governmental research were established last month. Both are state institutions and will function under supervision of the departments of government, serving as clearing houses for local and state governmental problems. Lashley G. Harvey is executive secretary of the bureau at the **University of New Hampshire** at Durham. The other is at the **University of South Dakota** at Vermillion. The announced purpose of each of the new bureaus is also to draft model laws and ordinances for towns and cities, to conduct in-service training classes for government employees, and to supply general information on government work.

## Research Bureau Reports Received

### *Bibliography*

The Pacific Northwest: A Selected Bibliography. Northwest Regional Council, Portland, Oregon, 1939. 32 pp.

### *Cost of Government*

Combined Cost of Government (Dominion, Provincial and Municipal). Citizens' Research Institute of Canada. *Canadian Taxation,* June 14, 1939. 4 pp.

Cost of Government—Fire. Atlantic City Survey Commission, Inc., No. 24, July 14, 1939. 5 pp.

### *Legislative Councils*

Legislative Councils and Commissions. By Grace M. Kneedler. Bureau of Public Administration, University of California, 1939 Legislative Problems, No. 12; May 31, 1939. 34 pp.

### *Planning*

Five Years of Planning in the Pacific Northwest. Speech by Charles McKinley, Northwest Regional Council, Portland, Oregon. May 1939. 27 pp.

### *Population Trends*

Vital Statistics. Rochester Bureau of Municipal Research. *Municipal Research,* June 1939. 1 p.

### *Public Health*

Public Health Insurance and Medical Care. By Fern E. Sneder. Bureau of Public Administration, University of California, 1939 Legislative Problems, No. 3, May 29, 1939. 25 pp.

### *Sewerage*

Proposed $24,717,000 Metropolitan Sewerage Program. Boston Municipal Research Bureau, *Bulletin,* No. 79. July 19, 1939. 8 pp.

### *Taxation*

Municipal Tax Collections. Citizens' Research Institute of Canada. *Canadian Taxation,* July 31, 1939. 4 pp.

Tax Lightning. Princeton Survey of New Jersey Finance. Princeton University. School of Public and International Affairs. *Public Interest* (Folder) Series No. 5. June 6, 1939. 4 pp.

# Contributors in Review

BEGINNING as principal of the public schools in Benkelman, Nebraska, in 1900, **John Bauer** (*Municipal Utilities—Profits vs. Taxes*) has become one of the foremost authorities on public utilities in the United States. The director of the American Public Utilities Bureau since 1925 has been associated in an advisory capacity with official and unofficial bodies dealing with utility problems in New York City and New York State, West Virginia, North Carolina, South Carolina, Louisville, Pittsburgh, Boston, and the United States government. The Bauer bibliography reads like a what's what in utility questions and includes too many books and articles to be detailed here.

JOHANNES U. HOEBER (*Philadelphia Carries On*) left Germany in 1933. He had been head of the Information Bureau of the city of Mannheim and assistant editor of *Die Lebendige Stadt,* bimonthly official magazine of the city of Mannheim. A Doctor of Political Science of the University of Heidelberg, Mr. Hoeber is research assistant of the Philadelphia City Charter Committee.

LAWYER, economist, housing administrator, **Leon H. Keyserling** (*Low-Rent Housing Builds on Sound Money*) has achieved considerable professional latitude since his graduation from Columbia College in 1928. The Deputy Administrator and General Counsel of the United States Housing Authority (since 1938) has also been an instructor in economics at Columbia University, an attorney with the federal A.A.A., and secretary and legislative expert to Senator Robert F. Wagner. Mr. Keyserling received his LL.B. from Harvard in 1931 and is a member of the New York Bar.

DURING the past year **Charles M. Kneier** (*Illinois Legislature Completes Its First Year*) has been on leave from his job as associate professor of political science at the University of Illinois, to organize the research department of the Illinois Legislative Council. Dr. Kneier's writings have touched on almost as varied a group of topics as will ever face a legislative council. They include a book on *State Regulation of Public Utilities in Illinois* (1926), one on *County Government and Administration* with John A. Fairlie (1930), a third on *City Government in the United States* (1934), and finally, a work on *Illustrative Materials in Municipal Government and Administration* (1939).

UNLIKE many philosophers on the art of plucking the goose, **James W. Martin** (*Tax Limitation—A Dangerous Device*) has had to put his theories to the test. As Kentucky's Commissioner of Revenue in 1936-39, he reorganized that state's revenue system, and during the same span of years functioned as member of the Kentucky Legislative Council, chairman of the Kentucky Planning Committee, member of President Roosevelt's Committee on Fiscal Relations between the United States and the District of Columbia, and finance consultant to Arkansas, Georgia, and Ohio finance agencies In previous years he was chief of staff for Governor Chandler's Kentucky Reorganization Commission, among other governmental jobs.

THE story **Samuel E. Wood** (*Wine from the "Grapes of Wrath"*) tells of the dust bowl migrants to California presents the scholarly side of the medal John Steinbeck flashed in the horrified eyes of the country when he wrote *Grapes of Wrath.* Mr. Wood, a research assistant at the Bureau of Public Administration of the University of California at Berkeley, on leave from a teaching post in the Fresno, California, public school system, has already written several articles on the problem of housing for people like Mr. Steinbeck's Joad family.

# News in Review

## City, County, State Progress in Brief

## Civic Groups Active in Local Affairs

***Planning Commissions Organized in Chicago, Baltimore, and Great Smoky Mountain Park***

***Legislative Council for Missouri***

By H. M. OLMSTED

An unusual device for developing ideas and coöperation for city improvement and planning has been placed in effect by Frank D. Paine, Mayor of Ames, Iowa, a city of 12,500 population and the seat of the State Highway Commission and the State College. Ames has the customary allotment of civic and professional clubs, youth organizations, church and women's groups. In the last ten years it has encountered problems of growth and the need of planning. Mayor Paine has met the need by organizing the heads of each of the civic groups in the town into a "Council of Presidents," with thirty members. There was no difficulty of appointment, as each member had already been elected by an organization interested in civic betterment.

This council holds a meeting on the first Wednesday of each month from September to June, and is guided by a program committee which makes plans and reports on questions of civic interest.

The objectives are to extend the knowledge and understanding of municipal affairs, to encourage the free exchange of ideas, to become an agency of public relations whenever possible, and to mold public opinion for the improvement of Ames.

Committees already formed and in action are investigating the possibility of a community chest that will lead eventually to a community welfare board, making plans for a seventy-fifth anniversary celebration of the settling of Ames this fall, and forming a civic forum program. The council also hopes to bring to life such projects as formally inducting young people into citizenship when they reach the age of twenty-one, and to sponsor plays and operas for young people.

The organizations included in the Council of Presidents are Rotary, Kiwanis, and Lions Clubs, American Legion, Veterans of Foreign Wars, Ames Women's Club, Faculty Women's Club, Ames Ministerial Association, Boy Scouts of America, Campfire Girls, Social Service League, Red Cross, Parent-Teachers Association, Board of Education, Ames City Schools, Business and Professional Women's Club, League of Women Voters, Iowa State College, Junior Chamber of Commerce, Retail Merchants' Association, Hospital Board, Park Board, Library Board, Zoning Adjustment Board, Playground Commission, City Plan Commission, VFW Auxiliary, Legion Auxiliary, *Ames Daily Tribune*, American Association of University Women, and Ames Women's Rotary Club.

### *Good Government Movement Organized in Kansas City*

A permanent organization of the Good Government Association in Kansas City, Missouri, was effected late in July at a meeting of two hundred people in the public auditorium at the University of Kansas City. The meeting and the organization were notable for the dominance of the younger element, both men and women. It is intended to be nonpartisan and non-political in character.

### *New York Nonpartisan Committee to Present Council Tickets*

The Citizens Nonpartisan Committee of New York City which under the chairmanship of Judge Samuel Seabury supported a fusion ticket of council candidates at the first P. R. election two years ago, has announced that it will present a slate

of candidates for council early in this year's campaign, hoping thereby to take still fuller advantage of the opportunities of proportional representation.

### *Waterbury Citizens Group Campaigns for New Charter*

In Waterbury, Connecticut, the Citizens Good Government Association is actively campaigning on behalf of the proposed city manager—proportional representation charter which will be submitted to a referendum on October 3rd. Some twenty broadcasts have been planned and Murray Seasongood, able leader in Cincinnati's campaign for good government, addressed a mass meeting arranged by the association on September 12th.

### *Baltimore and Chicago Establish New City Plan Commissions*

Two more metropolitan cities—Baltimore and Chicago—have established new city plan commissions, completing the list of thirteen cities with more than 500,000 population which have set up such official organizations, according to the American Society of Planning Officials.

The Baltimore commission, established by charter amendment,[1] is made up of nine members, including the mayor, city engineer, and a member of the council. The remaining six members are appointed for their knowledge of city planning. The commission investigates all proposals and plans for construction of public improvements in Baltimore and reports to the Board of Estimate, and must study and make recommendations on all ordinances or resolutions authorizing the issuance of stock or certificates of indebtedness for proposed public improvements. It has the usual powers as to preparation of a master plan, subdivision control, and other planning activities.

Chicago's new ordinance calls for a commission proper of twenty-two members and an advisory board of two hundred. Members of the commission proper will include the mayor, heads of city departments, chairmen of council committees, and eight citizens appointed by the mayor, with approval of the council, from the membership of the advisory board. The new commission replaced one which existed under a resolution passed in 1909. This organization, however, had few express powers and duties and no permanent status. The new commission must meet at least once a month, with seven members constituting a quorum.

The new City Plan Commission must, under the ordinance, prepare and recommend to Council a master plan for the development of the city, including the rehabilitation of depreciated areas. The commission also must coöperate with the local housing authority and the City Council in the location of housing projects and the elimination of substandard conditions.

### *Great Smoky Mountains Regional Planning Commission*

Planning and guiding highway and recreational developments in the Tennessee area bordering the Great Smoky Mountains National Park is the function of the Great Smoky Mountains Regional Planning Commission, created by the Tennessee State Planning Commission upon petition of citizens of the four counties involved.

These counties do not have zoning power and effectuation of plans must rely upon persuasion rather than coercion; but the commission does have control over subdivisions after a regional plan is prepared.

The immediate program calls for studies of highway location and development, town planning, recreational projects, and stream pollution, and for zoning studies for highway protection and preservation of scenic areas. Support of the commission's work, financial and otherwise, will come from county courts, interested non-

[1]See also June REVIEW, page 469.

governmental agencies, and the Tennessee State Planning Commission.

LYNDON E. ABBOTT
Tennessee Valley Authority

### *City Planning Interest in Kentucky*

The Kentucky Municipal League, with the coöperation and assistance of the American Society of Planning Officials, conducted regional discussions of city planning and zoning in Paducah, Bowling Green, Paris, and Fort Thomas in the early summer. Mr. Hugh R. Pomeroy, Director of the Virginia Planning Commission, formerly Chief of Field Service for the American Society of Planning Officials, completing the schedule made in his former capacity, addressed more than three hundred city officials and representatives of civic groups at the four meetings in Kentucky.

Mr. Pomeroy's visit to Kentucky was arranged pursuant to the passage of legislation sponsored by the Kentucky Municipal League, during the 1938 session of the General Assembly, enabling cities of the third, fourth, fifth, and sixth classes to establish planning and zoning commissions. In each of the cities visited, a morning session was given over to a discussion of the problems of the particular city, and in the afternoon officials of neighboring cities were invited in for a general discussion of the objectives, procedures, and techniques of planning. Mr. Pomeroy was received with unusual enthusiasm, and since his visit the Kentucky Municipal League has complied with seven requests to submit suggested ordinances to provide for a planning commission, which are attributed directly to the discussions.

JAMES W. MARTIN
Bureau of Business Research
University of Kentucky

### *President Urges Broad Planning of Rivers and Harbors Projects*

In vetoing a bill (H.R. 7411) having to do with certain proposed rivers and harbors projects, President Roosevelt said on August 11th:

"It has always seemed to me that projects should be examined and authorized primarily on the basis of the greatest good to the greatest number of people. I understand the urge to get federal money for expenditure in every congressional district in the United States—but I believe, as I have often recommended to the Congress, that instead of taking a bite here and a bite there, there should be a well considered and well rounded plan for projects to be undertaken in a definite order of human and national preference and desirability instead of putting them only on a local geographical basis."

### *The Council-Manager Plan*

**Abington, Virginia,** adopted town manager government on August 15th by a vote of 329 to 268. The plan will go into effect in June 1940.

**Tipp City, Ohio,** on July 29th voted to draft a new charter and at the same time elected a drafting commission. A city manager charter has now been prepared and copies have been mailed to all voters of the city. A special election on its adoption is scheduled for September 23rd.

**Carey, Ohio,** rejected council-manager government at the polls on August 8th.

**Los Gatos, California,** will vote on council-manager government within the next two months.

The Citizens' Union of **Newark, New Jersey,** has ready for filing a petition signed by 20,000 names demanding a special election on the adoption of a manager charter.

In **Birmingham, Alabama,** petitions signed by five thousand voters were recently presented to the city's legislative delegation, asking them to secure passage of a manager enabling act. A hearing was held on the question at the time of the presentation with speakers both for and against the plan. The local delegation, however, has decided to take no action. A manager bill, applying to cities of 30,000

and over, has since been introduced into the legislature. It applies to Birmingham, Mobile, Montgomery, and Gadsden, and provides for a referendum on petition of the voters.

In **Martinsburg, West Virginia,** petitions have been circulated calling for an election on the council-manager plan.

The **Clarksburg, West Virginia,** charter board is giving earnest consideration to the Cincinnati plan of manager government.

**Monroe, North Carolina,** which adopted a city manager ordinance in 1932, is not now operating under the plan and it is reported that no manager appointment is expected to be made for two years.

Members of the **Lorain, Ohio,** League of Women Voters are engaged in a study of the manager plan and proportional representation.

**Port Arthur, Texas,** on July 18th voted in the ratio of two to one to retain council-manager government.

In **Delta, Colorado,** a postal card referendum on the manager plan was held recently. Forty per cent of the cards were returned, 119 being in favor of the plan and 140 against it.

In **Santa Monica, California,** Dr. John M. Pfiffner, professor of government at the University of Southern California, reported to a local committee investigating charter reform that instead of attempting to remedy the inherent defects of the existing commission plan a council-manager type of charter should be drafted.

In **Prince Rupert, British Columbia,** a plebiscite is to be held concerning the manager plan, and President Harvey of the Chamber of Commerce reports that a favorable vote is expected, in which case legislation will be sought from the provincial government to enable the plan to be placed in effect.

On September 5th **Scottsbluff, Nebraska,** defeated a manager proposal at the polls.

The manager plan is also being considered in **Delphos, Napoleon,** and **Zanesville, Ohio; Brookfield** and **Fayette, Missouri; Villa Park, Illinois; Carmel, California;** and **Murray, Utah.**

The twenty-sixth annual conference of the International City Managers' Association will take place in Detroit, Michigan, October 9th to 12th, inclusive, at the Statler Hotel.

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### *Permanent Registration for Colorado Cities*

The last Colorado General Assembly, according to *Colorado Municipalities,* passed a bill which Governor Carr signed, requiring permanent registration for city elections in all cities, with the customary purging of the books as is now required for counties. A number of minor details in the form of records and other matters were also included in the act.

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### *Legislative Council Gains Foothold in Missouri*

Although its neighbors, Kansas and Illinois, have used legislative councils for years, Missouri advocates of the idea have not been successful until July of this year, when a bill creating a committee to maintain the legislature's quarters and library at the Capitol was amended to empower the committee and its employees to advise and assist in preparation and consideration of bills. The bill was passed and has been signed by Governor Stark. It provides for a committee of twenty, ten members to be chosen from each house of the legislature. The character and extent of the committee's work with legislation remains to be seen. The *St. Louis Post Dispatch* stated editorially, "The new Missouri committee, which receives a $30,000 appropriation, has sufficient powers to demonstrate what can be done. If the twenty members discharge their duties conscientiously, it is probable that a full-fledged legislative council and drafting bureau will emerge at the next session as a result of this surprise reform."

### *Initiative More Strictly Regulated in Michigan*

Regulations concerning the use of the initiative for charter amendments in Michigan have been revised by public act 166, recently approved by the Governor. According to the Detroit Bureau of Governmental Research the bill has corrected certain difficulties and yet has retained all control essential in the initiative.

The new regulations permit the submission of important charter amendments only at a regular election; if arising by petition, they must be presented to the election authorities ninety days before the election (the election commission to have at least forty-five days for checking signatures); if by a three-fifths vote of the city council, sixty days before the election. If an amendment fails of adoption, it cannot be submitted again for two years. Only one subject can be dealt with by a given amendment. Five per cent of the total registration is necessary for a petition; and the election commissioners can check the names with the signatures on file. Proposals to spend money must be approved at least sixty days before the beginning of a fiscal year.

### *Competition for Interesting Local Government Reports in Great Britain*

The *Municipal Journal and Local Government Administrator,* organ of the associated local governments in Great Britain, is conducting a competition for the best annual reports on the work of the various local authorities, in order to stimulate efforts of the authorities to present the results of their year's work in an attractive form for the information of taxpayers and to encourage public interest in civic administration. Medals are awarded for the reports winning first, second and third places. The closing date for entries by local authorities in England and Wales is September 30th and for Scotland, November 15th, the difference being due to differences in the fiscal years in the respective countries. Competition is open t both counties and towns, large and smal and there is a special award for authoritie where the population is 30,000 or less.

### *Local Public Opinion Polls Guide City Councils*

At least three cities, Winnetka, Illinoi Syracuse, New York, and Montclair, Ne Jersey, have recently used local publi opinion polls to guide council action, ac cording to the International City Man agers' Association.

Winnetka citizens were solicited by post card to determine whether they wanted grade crossing elimination program, an councilmen voted according to the ex pressed approval of the program.

Syracuse manned polling places wit volunteer election officials for four hour one evening to permit voters to expres preference on daylight saving time, th council to vote in accordance with result

Montclair's council, puzzled over ex penditure reductions, took an advisor opinion by postcard poll to determin which services citizens wished maintaine and which curtailed.

As noted elsewhere, in Delta, Colorad a postcard poll on the city manager pla was made by a local committee.

The association declared that this simpl device of sampling public opinion offe great possibilities if used with discretio

### *Arkansas League to Codify City Ordinances*

The Arkansas Municipal League an the Bureau of Municipal Research, Unive sity of Arkansas, have completed tentativ arrangements with the Works Progress Ad ministration to inaugurate a state-wid project for recodifying and indexing mun cipal ordinances. Several cities have def nitely taken advantage of the project an various others have tentatively accepte according to *Southern Municipal New* The method followed will be patterne upon the successful plan that has bee

utilized by over one hundred North Carolina and Oregon cities. As one phase thereof city councils will be advised of obsolete and illegal ordinances for such action as may be desired.

### *Earl Mallery New AMA Director*

On August 1st Earl D. Mallery of Washington, D. C., was named executive director of the American Municipal Association, succeeding the late Clifford W. Ham. Mr. Mallery was mayor of Alliance, Nebraska, from 1928 to 1932, city manager from 1932 to 1935; and for three years has been manager of the Washington office of the AMA and the Southern Municipal League. While in Nebraska he was for seven years chairman of the legislative committee and a member of the executive committee of the Nebraska State League of Municipalities; he served one term as state representative and another as state senator and for several years was a member of the state planning board.

### *Regional Meetings of New York Municipal Officials*

Plans have been completed by the New York State Conference of Mayors for a series of twelve regional meetings of city and village officials, to be held between September and December. One new zone has been created this year to accommodate the officials of the municipalities in the southwestern section of the state. The meeting for this new zone will be held in Jamestown. Each meeting will consist of two sessions beginning at 10:30 a.m. and 2 p.m. There will be no set program. Local problems and suggestions for municipal legislation will be presented and discussed by officials at both sessions.

City and village clerks are planning to hold regional luncheons in connection with the regional meetings. The Joint Legislative Committee created to prepare village home rule legislation may arrange to hold hearings at some of the regional meetings.

### *Changes in Rutgers Police Training*

The Bureau of Public Safety at Rutgers University, New Brunswick, New Jersey, which for the past two years has been offering extension courses in traffic control and crime science to New Jersey police, will launch a new type of instruction this fall, according to Professor N. C. Miller, director of the University Extension Division.

The program for the first semester will include four specialized ten-weeks courses, instead of the several short courses offered the first year, and the eight-weeks courses the second year. The classes will meet in the afternoons once a week. The subjects of the four courses are criminal investigation, juvenile delinquency, traffic enforcement and police jurisprudence.

### *College Training in Police Work*

A survey of municipal training facilities in twenty-six states by the American Bar Association's Committee on Police Training and Merit Systems, which included members of the International Association of Chiefs of Police, has produced a recommendation of pre-service courses in police methods and administration at universities and colleges, to be taught by persons actively engaged in or thoroughly familiar with police practices and procedures.

The committee recommended also that a national school for police training should be established, patterned after West Point or the Federal Bureau of Investigation's National Police Academy, that a uniform code of criminal procedure and of major crimes should be drafted for adoption by all states, that legislation removing restrictions on the interstate pursuit and apprehension of criminals should be passed by states lacking such laws, and that residence requirements for applicants to police forces be abolished.

Municipalities in the twenty-six states studied by the committee offer seven types of police training according to the survey: (1) pre-employment police training, (2)

recruit schools and advanced training programs for state police, (3) interstate zone or area schools, (4) short, intensive courses, institutes, conference and extension courses, (5) itinerant instructors, (6) local training programs, and (7) training programs for private industrial police.

### *Governor Vetoes Pennsylvania Merit Bill*

Despite general confidence that he would sign the civil service bill recently passed by the Pennsylvania legislature, Governor James has seen fit to veto the measure, "explaining his action in a message which is a masterpiece of sophistry", says *Good Government*, organ of the National Civil Service Reform League. The bill would have merged under a single civil service administrator the merit systems already existing in the State Liquor Control Board, the Department of Public Assistance, and the Unemployment Compensation Division, 15,000 employees in all. It was so drawn that its provisions could have been made to include other state departments.

### *Civil Service Assembly to Meet*

The thirty-first annual meeting of the Civil Service Assembly of the United States and Canada will be held at the Fairmont Hotel in San Francisco, October 16th to 20th, inclusive. Special sectional discussion groups and panel meetings have been scheduled as part of the program.

## County Consolidation Urged in Oklahoma and Utah

### *Los Angeles County Saves with Centralized Purchasing*

### *Townships Seek Improved Government*

**By PAUL W. WAGER**

The Oklahoma State Board of Equalization, after raising real estate assessments in five counties unable to meet public school requirements and other current expenses, suggested that a merger of counties be effected. The suggestion, states Editorial Research Reports in a recent release, was prompted by the fact that about half of the counties in the state require a large amount of state aid to support public schools and are demanding that the state help meet the ordinary running expenses of the county.

Applauding the state board's suggestion, the *Tulsa World* points out: "This is a time of road and motor transportation, and county seats need not longer be a theoretical day's journey from the remotest neighborhood. Distances do not mean nearly so much as they once did when even our new counties were laid out. The upkeep of any county government must be considerable and unless counties are willing and able to pay the cost they should be divided and annexed."

Dr. H. A. Dixon, president of Weber College, Utah, in addressing the National County Officers Association at its recent convention at Ogden, recommended a reorganization of county government and a reduction in the number of counties. He pointed out that nine of the twenty-nine counties in Utah have lost population in the last decade and that "it is difficult to justify the existence of a county with less than 20,000 people and a taxable wealth of from $4,000,000 to $5,000,000." He pointed out that only four of Utah's counties have a population of 20,000 and only nineteen an assessed valuation of $5,000,000. The counties under 20,000 spend $9.26 per capita and those with over 20,000 spend $7.27. The cost of assessing and collecting taxes in the less populous counties is 25 cents on the dollar compared to 1.2 cents in the more populous group.

### *Los Angeles County Store Effects Big Saving*

The Los Angeles County General Store has entered another era—one which promises to be as significant in the business of

public provisioning as the old one in which it had its heyday as the largest single publicly-owned store, prior to the consolidation of public purchasing by New York City under Mayor La Guardia.

According to the *Christian Science Monitor,* the new era is one in which the store pioneers among public agencies in following the lead of progressive private businesses which have adopted the buying policy of granting a year-long contract, say for oil, at a certain price, with the proviso that the buyer may buy cheaper elsewhere if the market drops.

The new policy has been guided by Colonel Wayne Allen, who is completing his second year as county purchasing agent and his first year as chief administrative officer—a sort of limited county manager. He came to the county position under civil service from a privately-owned utility which had adopted this method of taking advantage of market fluctuations. It is estimated that this method of buying is saving the county $100,000 a month. Of the $8,000,000 in goods purchased annually by Colonel Allen for the fifty-five county departments, goods to the value of $4,000,000 pass through the shelves of the five-floor warehouse, which is the general store. Colonel Allen expects the second-year savings to surpass the $1,100,000 saved in the initial year.

### *Centralized Purchasing Demanded in Washington Counties*

Popular demand in King County, Washington, for the establishment of a central purchasing department has gained added momentum through the activities of the Municipal League of Seattle. The league has brought to light a forty-five-year-old State Supreme Court ruling expressly authorizing the county commissioners to create a purchasing agency. It has also uncovered examples of gross waste of public money because of the absence of competitive bidding on county contracts. A recent example was the repair of twelve bronze doors on the County-City Building at a cost of $2,980 when other firms would have repaired the doors for about $500 or would have provided new doors like the old ones for $2,400. The retail purchase of automobile tires by each department has also been costing the county several thousand dollars a year more than the cost would be if purchased in quantity through competitive bids.

### *New Referendum on County Reform in New York*

Reorganization of county offices in New York City will once more be placed before the voters at the November election in the form of a referendum on a charter amendment. The amendment would create a city-wide office of sheriff and a city-wide office of register and transfer to them the duties of the present five sheriffs and four registers. It is understood that the amendment would give the mayor power to appoint the new sheriff and register and that the present staffs aggregating nine hundred would be transferred to the city's civil service. A majority of the many political appointive jobs could be abolished. A saving estimated at $500,000 would result.

Approval of the amendment by the voters would make it mandatory upon the administration to carry the reforms into effect. Earlier efforts to accomplish essentially the same reforms have been blocked by the Board of Aldermen or the City Council.

### *Township Reorganization in New Jersey*

A committee of citizens representing twelve districts of Bridgewater Township, New Jersey, will study and report on plans for reorganization of the township to insure its future growth on a well planned basis, with equitable representation in the governing body given to the residents of all districts. Various tax-

payers' associations are represented on the committee.

In Passaic Township a group of citizens and taxpayers recently incorporated "to promote clean government, to promote civic welfare, to get a dollar of value for every dollar expended by public officials of the township, to secure a tax rate based on the true value of property, to protect municipal employees who are efficient and faithful, and to encourage the study of economic conditions as they affect taxation."

### *Township Road Bills Pass in Pennsylvania*

Authority for the administration of Pennsylvania local roads is being returned to second-class townships under the provisions of two acts passed by the legislature and signed by the Governor, reports *Better Roads*.

Since 1933 the state has allocated money for the maintenance of township roads, but supervision of its expenditure has been in the hands of the State Department of Highways. At the present time a substantial balance remains in the fund appropriated for township road maintenance by the 1937 legislature. One of the recently passed acts provides that this is to be turned back to the townships, for expenditure by local officials, on a straight mileage basis.

The second act sets up a road fund of $8,500,000 for distribution to the townships during the years 1940-41. Township allocations are to be spent by local officials, and distribution is on a straight mileage basis. It is estimated that this state aid will amount to about $95 a mile annually.

### *Wisconsin Local Units Get More State Aid*

To ease the property tax burden on local units of government in Wisconsin, the 1939 legislature, reports *Better Roads,* has increased highway aids to the counties, towns, villages, and cities by $2,667,000 annually.

Aid to county trunks is increased from $3,000,000 to $3,500,000 plus an additional $65 a mile for each mile of county trunk which amounts to $940,670. The total increase in aid to county trunks amounts to 48 per cent.

The new law boosts aids paid to town roads and village streets from $50 a mile to $65 a mile. It also jumps aid to cities a flat 30 per cent. Aids to city streets will vary from $130 a mile to $520, depending on population.

In Wisconsin, as in other states, the expense of local roads and streets falls heavily on the local units of government which must levy property taxes for highways to add to the gasoline tax and license fee money they receive from the state. In 1937 the local units of government in Wisconsin spent a total of $40,700,000 on highways and streets and received only $10,900,000 in gas tax and license fee refunds from the state. Only 26.7 per cent of the cost of local roads and streets came from motor taxes. Under the new schedule of aids, the proportion paid by motor taxes will be increased to 33.2 per cent.

### *Pennsylvania Improves Permanent Registration System*

Legislation enacted by the recent Pennsylvania legislature for the improvement of the permanent registration system is expected to produce savings to taxpayers, great convenience to the registered voters and more accurate records for those who desire to check the status of any registrant according to John A. MacGuffie, chairman of the legislative committee of the Pennsylvania State Association of County Commissioners, writing in the July issue of *Your Dollar's Worth,* organ of the Pennsylvania Economy League. Meetings of county commissioners and registration clerks were held last fall in Pittsburgh at the invitation of the league to discuss permanent registration problems. As a result of thorough-going discussion various improvements to the existing legislation were worked out and bills were drafted and later enacted into law.

# New Jersey Ends Relief Impasse

***States Tax Federal Salaries***

***Homestead Tax Exemption Costs Billions***

**By WADE S. SMITH**

After months of fruitless discussion and numerous recesses, the New Jersey legislature on August 10th agreed upon and enacted a program for financing the state's emergency relief problem. The program is to provide a total of $33,000,000, to meet 1939 and 1940 requirements. Of the total, $21,000,000 is to come from the sale of bonds, while the remaining $12,000,000 is to be diverted from various funds having cash balances at present. A move to provide the money from current revenues by imposing a state two-cent cigarette tax was defeated before the final program was adopted.

The $21,000,000 relief bond issue cannot be sold until the bonds have been approved by the voters of the state, something which cannot occur before the November elections.

The money to be secured by diversion of other funds is of course immediately available. Of these latter funds, $2,000,000 will be diverted from the proceeds of grade-crossing elimination bonds previously authorized, $5,000,000 will be diverted from highway funds, $3,000,000 will be diverted from the sinking fund, and $2,000,000 will be borrowed from the State Teachers' Pension and Annuity Fund. The Governor later vetoed the bill diverting $3,000,000 from the sinking fund, holding it illegal. Although the relief bond issue provides the bulk of the proposed financing, and the plan would be dealt a death blow if the voters refuse to approve the issue, opposition to the borrowing has not yet been heard to any great extent, and most observers believe that the bonds will be ratified.

The plan contemplates using $6,000,000 of the $33,000,000 provided by applying it to the 1938 relief deficit and the deficit in the general fund. The remainder will be divided between the current and next fiscal year, $13,500,000 for 1939 and $13,500,000 for 1940.

Other legislation fixes the maximum of the state share for financing relief at 75 per cent, with the balance to be provided by the municipalities. (Last year the state provided $16,000,000, or 25 per cent, with actual requirements running to $24,000,000. The new program assures complete reimbursement of the municipalities for 1938 relief costs.) Until the 1939 funds become available, municipalities are authorized to issue temporary notes for relief costs, to mature in not more than five years and to be deductible in computing the local debt limits.

Earlier, in July, voters of the state ratified a constitutional amendment legalizing horse racing in the state. The amendment will permit pari-mutuel betting, and its backers expect it to be an important revenue producer for the state treasury.

## *States Prepare to Tax Federal Salaries*

At least twenty-five of the thirty-one states having personal income tax laws are prepared to tax the salaries of federal employees under the public salary tax act passed by Congress this year, the Federation of Tax Administrators reports.

In some of these states no statutory changes in the state law were necessary; in others legislation was necessary to delete provisions exempting federal salaries from state taxation.

The new federal salary act raised numerous administrative problems for tax officials throughout the country. In Montana, for example, the salaries of Home Owners' Loan Corporation employees had been subject, under a State Supreme Court

decision, to state income taxation before the federal act was passed. The Montana income tax department hesitated to attempt collection of delinquent income taxes of several HOLC employees, however, because the public salary tax act provides that if a state collects taxes on any federal salaries received before January 1, 1939, all state salaries received during the same period will be taxed by the federal government.

Reports from other states which also had taxed certain federal salaries before passage of the federal salary act indicated they will not press the tax claims.

California will not attempt to collect taxes on federal salaries even though they were assessed before 1939. Payments made prior to the act will not be refunded, but those made after the act will be, the report said.

Colorado will grant refunds to all federal employees who paid taxes levied prior to the federal act, provided the taxpayer fills out an application for refund, or if the payment is discovered in the course of the regular examination of returns.

Louisiana will not enforce assessments made previously to the federal act, but no decision has been reached on the matter of refunding taxes already paid. Missouri has entered suits for collection where the assessment has not been protested. These suits are not being pressed, however, and the state has requested a ruling from the Internal Revenue Bureau. New York, South Dakota, and Wisconsin report they are facing the problem, but that no decision has been reached.

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### *Homestead Laws Exempt Three Billion Dollars of Real Property*

Thirteen states are giving up revenues on more than three billion dollars' worth of real property this year through homestead tax exemption and preference laws, according to a survey by the National Association of Assessing Officers.

The three billion dollars represents approximately one-sixth of the value property which, if there were no hom stead exemption laws, would be eligib for property taxation in the thirteen state according to the report. Estimates we based on 1936-38 valuations.

Although three states—Arkansas, Geo gia, and Oklahoma—liberalized slight their existing homestead exemption la this year, no new states joined the thi teen which already had adopted such ac The first of the laws became effective Texas in 1933, and the last, Georgia's, 1938. Mississippi's law was expanded co siderably last year, and a second hom stead exemption amendment was add to the Louisiana constitution.

Ten of the thirteen states—Alabam Arkansas, Florida, Georgia, Louisian Mississippi, Oklahoma, South Dakot Texas, and Wyoming—give preference outright exemption from part or all pro erty taxes on part or all homestead value

Two of the states, Iowa and West Vi ginia, grant preferential tax rates, whi Minnesota, the remaining state, grants bo outright exemption and tax rate prefe ence. In Iowa the first $2,500 in value, the first 140 acres, of a homestead is taxe at a rate of 25 mills less than the gener property tax rate. In West Virginia t value of rural homesteads is taxed at tw thirds, and urban lands at one-half, t general property rate. Minnesota assess rural homesteads at three-fifths, and urba homesteads at five-eighths, the rate a sessed non-homesteads of equal value.

Exemptions from levies of all gover ments is allowed in Florida, Oklahom and Wyoming. In Florida, however, whe the exemption is up to $5,000, it does n extend to levies for local debt service ar for special benefits. The Oklahoma exemp tion, up to $1,000, is for all levies exce local debt service. In Wyoming the hom stead tax exemption is absolute up to $50

In five of the states—Alabama, Arkan sas, Minnesota, South Dakota, and Texas outright exemptions are granted from sta levies only. They range from $1,000 o

ssessed value, or $2,000 on true value, in rkansas, to $2,000 assessed value or $3,333 ue value in Alabama.

Georgia, Louisiana, and Mississippi exmpt homesteads from certain state and ome, but not all, local levies. Georgia mits its exemption to $2,000, and applies to state, county, and school district evies. There is a $1,000 exemption granted in Louisiana, applying to state, parish, pecial districts, and New Orleans levies. The Mississippi exemption, up to $5,000, pplies to state, county, road, and school istrict maintenance levies, but not to evies for prior or future debt service.

### *Census Bureau Division Renamed*

The Bureau of the Census has recently announced that the former Division of Financial Statistics of States and Cities has been renamed the Division of State and Local Government. Renaming of the division reflects a considerable expansion of its activities, and follows fruitful efforts during the past two years or so to revise the presentation and scope of local statistics so as to enhance their usefulness. C. E. Rightor is chief statistician of the division, E. R. Gray is assistant chief, and Lewis Sims is technical advisor.

### *Conferences to Discuss Governmental Finance*

State and local finances and fiscal procedures will be extensively reviewed in no less than three conferences to be held during September and October. The annual conference of the Governmental Research Association, to be held at Princeton, New Jersey, on September 6th to 9th, while it contains no symposium devoted directly to fiscal problems, is sure to hear an extensive review of local financial practices in scheduled discussions on local research bureau technique. At San Francisco on September 20th a municipal accounting clinic will be held at the annual meeting of the American Institute of Accountants, with a program arranged by the Institute's Committee on Governmental Accounting. Emphasis will be on accounting procedures in San Francisco and Los Angeles. Finally, on October 16th to 19th, also at San Francisco, the Municipal Finance Officers Association will hold its annual meeting.

## Proportional Representation Advancing

*A New York County to Vote This Fall*
*The Use of P.R. in Other Countries*
*The Movement in Great Britain*

**By GEORGE H. HALLETT, JR.**

Onondaga County, which includes the city of Syracuse, New York, and an additional suburban and rural population of about 90,000 persons, is to vote in November upon the adoption of a county manager plan with proportional representation.

The specific proposal is Plan B, as outlined in the *Optional County Government Law,* adopted in 1937. This provides for the elimination of all elective county officers with the sole exception of the judges. Onondaga County now elects district attorney, sheriff, coroner, commissioner of public welfare, auditor, clerk, and treasurer. Under the proposed plan there would be seven departments within which all county administrative functions would be concentrated. The six department heads for finance, public works, public safety, public health, public welfare, and records, would be appointed by and responsible to the county manager. The county manager and the seventh department head, the director of law, would be appointed by the county board.

The county board, now composed of thirty-eight members, elected one from each of the nineteen city wards and the nineteen country towns (townships), would be reduced in size to ten members. Five of these would be elected from the city

of Syracuse (population 225,000), and five from the country towns (population 90,000). Thus the relative representation of city and rural areas would remain as at present. Inequalities in voting strength between the various city wards and among the nineteen towns would, however, be removed through this plan.

The proposal was originally sponsored by the Democratic party, which at present holds only one of the thirty-eight seats in the county board and that merely because of Republican endorsement. The 13,500 signatures of the petition asking for an election were obtained with a comfortable number in excess of the 10 per cent requirement. At the date of present writing, the Republican party has not expressed any official position on the proposal. Neither of the two daily newspapers has taken an unequivocal position.

ROBERT F. STEADMAN
Syracuse University

### *Boys' State Uses P.R.*

The Boys' State, a miniature state, county, and city government operated entirely by boys for one week each year under the auspices of the West Virginia American Legion, adopted at its session this June a constitutional amendment requiring all cities in the state to use the city manager plan with proportional representation already in force in the city of Wheeling.

"After the legislature adjourned," said a Jackson's Mill, West Virginia, Associated Press dispatch on June 9th, "the 'citizens' of the American Legion's annual school in practical government put into effect the Cincinnati plan of city government which was ratified in a constitutional amendment yesterday.

"They voted for councilmen under the proportional representation system. The councilmen in the ten 'county seats' will select city managers."

Julian Hearne, Jr., of Wheeling gave a demonstration of P. R. to the four hundred boys present before the amendment was adopted.

### *A Survey of the P.R. Field*

*The P. R. Society of Great Britain, 82 Victoria Street, London, S. W. 1, issues every year a report of its work including a record of progress in the P. R. field throughout the world. The following are significant excerpts from the latest report issued in June under the title "Fair Representation in Democratic Countries":*

The most important evidence [for electoral reform] from within the English-speaking world comes from Ireland. In 1937, after a testing period of sixteen years in parliamentary and municipal elections P. R. was made part of the constitution of Eire. Nor are the possible applications of the system in Ireland yet exhausted. In October 1938, Mr. de Valera put forward proposals which envisaged an all-Ireland Parliament. "If I could have my own way," he said, "I would have immediately a single All-Ireland Parliament elected on a system of proportional representation so as to be fair to minorities." In Northern Ireland, although the ruling majority has not been friendly to proportional representation, P. R. is nevertheless in use in the election of the members of the local Parliament representing the university, and also in the election of the Senate.

In Great Britain the use of proportional representation is limited to the election of members for the universities, but even in this restricted sphere the system has shown its merits; it has been the means of providing representation for a substantial minority in three out of the four university constituencies to which it applies. And this is not all. The idea grows in acceptance. The majority principle is no longer a *sine qua non* in elections. There have been many proposals for the reform of the House of Lords, and in every one proportional representation has

een put forward as the method of elec-on.

In the Ullswater Conference of 1930, the uestion of applying P. R. to the election f the House of Commons was again con-dered, and after a thorough discussion f the question in all its aspects the con-rence resolved by a majority in favor f including proportional representation in ny new electoral reform bill. P. R. is, ideed, the key and corner stone of con-itutional reform in Great Britain.

Further, the British Parliament, when ealing with the problem of representation resented by India, deemed it necessary to rovide for the separate representation of inorities (on a basis that approached roportionality), and it included in the overnment of India Act provisions for ie use of the single transferable vote form f proportional representation in the elec-on of the Federal Legislative Assembly.

Every year the problem of representation rises in some form or other. The new etters Patent for Malta granted by the ing in Council (February 1939) contain rovision for the use of proportional epresentation in electing the non-official iembers of the Council of Government. n Palestine the municipal council of Tel-viv and other local councils, and the lected Assembly of Palestine Jewry, are ready elected by P. R., and it is very robable that in any extension of self-overning powers, such as is contemplated n the statement of policy of H. M. Gov-rnment (White Paper Cmd. 6019, May 939), provision will be made for the fair epresentation of minorities. No constitu-onal question can now be dealt with by ie British Parliament without considering ie twin problems of representation and ie method of election.

In the dominions there are many exam-les of the use of proportional represen-tion. In Australia the House of Assembly f Tasmania has been elected for more an thirty years by proportional repre-ntation; in New South Wales the Legis-tive Council is elected, indirectly, by the same method; in South Africa the Senate of the Union is elected, also indirectly, by proportional representation; Canada provides examples of the system in the election of the representatives of Winnipeg to the legislature of Manitoba (since 1920) and in the election of the representatives of Calgary and Edmonton to the legislature of Alberta, as well as in certain municipal elections. . . .

In Europe, the progress in the use of proportional representation has been remarkable. Most of the countries where free institutions are deeply rooted apply proportional representation in parliamentary and municipal elections. These include Finland, Norway, Sweden, Denmark, Holland, Belgium, and Switzerland. France is the only democratic country in western Europe which has never used proportional representation, but France is deeply concerned as to the conditions under which the next election of the Chamber of Deputies will take place. A P. R. bill has been introduced; there was a full debate on the method of election, and the first clause of the bill, which provides that proportional representation shall be applied in the election of the Chamber, was passed on March 28, 1939, by a large majority —425 votes to 158.

Proportional representation is, therefore, an ever-spreading movement forming part of the public life of nations, and every year in several countries elections which will form the basis of the national government for a number of years are held under the proportional system. The more important of these during the past year took place in Eire, Denmark, and Belgium.

*Eire*

The general election took place in Eire, in June, 1938.[1] . . .

The election maintained Mr. de Valera in power with an increased majority. During the seventeen years in which

[1]This election was reported in the August 1938 REVIEW, page 421—EDITOR.

P. R. has applied in the election of the Dáil, there has been only one change of government. Mr. Cosgrave's government lasted for ten years; Mr. de Valera's government has already lasted for seven years. . . .

*Denmark*

In Denmark a general election of both Houses of Parliament, each on the basis of proportional representation, took place in April 1939. The result for the Lower House was as follows:

*Denmark—Folketing*
*General Election, 1939*

| *Party* | *Votes* | *Seats* |
|---|---|---|
| Socialist | 728,561 | 64 |
| Radical | 161,195 | 14 |
| Liberal | 309,154 | 30 |
| Conservative | 301,667 | 26 |
| Farmers party | 50,791 | 4 |
| Communist | 40,896 | 3 |
| Justice party | 33,717 | 3 |
| National Socialist | 30,943 | 3 |
| Sleswig party | 15,134 | 1 |
| Others | 26,512 | 0 |

The election did not give an absolute majority to any one party, but Herr Stauning remained as Prime Minister at the head of the Socialist-Radical Coalition Government. Denmark presents another example of a long-lived administration. After the election the Prime Minister was publicly entertained to celebrate his ten years' premiership.

*Belgium and Holland*

In Belgium also a general election of both houses of Parliament took place in April 1939. The Senate is an indirectly elected body, but the principle of P. R. is applied at all stages.

The general election followed a political crisis which arose out of the conflicting claims of the two national strains existing in the nation—the Flemish and the Walloon. The King of the Belgians issued before the election a striking appeal for national unity, and there was a considerable turnover in favor of the parties of the Right. The resulting government is a coalition o the Catholic, or Conservative, and the Lib eral parties. Dr. Emile Cammaerts, profes sor of Belgian Institutions in the Universit of London, in a broadcast talk given i London during the crisis, said that he ha learned from long experience that th foundations of government in Belgium wer sound. The election confirms this verdic The result was:

*Belgium—Chambre des Représentants*
*General Election, 1939*

| *Party* | *Votes* | *Seats* |
|---|---|---|
| Catholic | 764,835 | 73 |
| Liberal | 406,208 | 33 |
| Socialist | 705,979 | 64 |
| Flemish Nationalist | 185,470 | 17 |
| Communist | 125,428 | 9 |
| Rex party | 103,821 | 4 |
| Others | 46,687 | 2 |

In Holland the election took place i April 1939 of the provincial councils These elections are of more than loca importance, for the provincial council elect the upper house. The election showed a decline in the National Socialis vote and are considered to have furthe strengthened the Government of Dr Colijn, who has been Prime Minister con tinuously since 1933.

The extent to which P. R. has entere into the life of democratic communitie in these various countries is profoundly significant. P. R. has been in use fo twenty or more years, and in none of these countries is there any suggestion of a alternative basis for national government P. R. is established and accepted. . . .

*The Dominions*

In Australia the P. R. Societies of New South Wales, Victoria, and South Australia continue their activities, pressing particularly for the application of P. R. i the election of the Commonwealth Senate of state parliaments, and, in New South Wales, in municipal elections.

The late Prime Minister of Australia, Ir. J. A. Lyons, was a firm believer in ie value of proportional representation. e had held the offices first of treasurer id then of premier in Tasmania, where e had personal experience of the working the system. He described the present ystem of electing the Senate of Australia an "immoral" system, and, after the st election of the Commonwealth Senate, pically unfair in its result, he said he onsidered he had a mandate to appoint select committee to reform the system voting for the Senate. Unfortunately l his colleagues in the Commonwealth abinet did not share his attitude towards is reform.

In New Zealand the general election of 938 resulted in a substantial victory for ie Labor party, which polled a majority oth in votes and in seats. In the large ties of Auckland, Wellington, Christ-urch, Dunedin, including some adjacent oroughs, every seat but one, eighteen out nineteen, fell to the Labor party.

The result for the whole House of epresentatives, quoting press figures for otes cast, was as follows:

*New Zealand—House of Representatives*
*General Election, 1938*

| *Party* | *Votes* | *Seats* |
|---|---|---|
| Labor | 494,425 | 54 |
| Nationalist | 356,031 | 24 |
| Independent and others | 34,855 | 2 |

The Labor party at one time included . R. in its political program; it now has e opportunity for effective action. The uestion continues to be of interest to the ess of New Zealand. The *Christchurch ar-Sun* devoted a leading article to a view of *The Case for Electoral Reform*, Mr. S. R. Daniels; the *Dominion* Wellington) and the *Star* (Auckland) inted long extracts from the society's ports upon the New York and Irish ections. . . .

*The Future of Government and P. R.*

Every advance in the government of man is the outcome of conscious and sustained efforts on the part of individuals or groups of individuals. The problem of how to improve government is not a passing one, temporary in character. It will always be with us. Every failure even—be it the corruption and boss control of municipal government in the United States, the part played by wealth in the selection of candidates for the House of Commons, or the non-fulfillment of the hopes entertained of the League of Nations—is but a challenge to the human spirit. The minds of men must continue to plan for the improvement of municipal, national, world government.

Elections are the foundations on which rest all the representative institutions of modern democracies; and so, in all planning for the future of government, the method of voting must be considered. When the League of Nations was constituted scant attention was given to methods of election; they were regarded as of little importance. The Assembly of the League, instead of being, as proposed by Sir John Fischer Williams and others, an Assembly of representatives of parliaments, or of nations, became in general an Assembly of the nominees of governments. Moreover, the dubious practices associated with the election of the Council of the League called forth severe condemnation from Lord Cecil and others. These practices gave rise to so much suspicion and distrust that the government of Norway felt constrained to put forward proposals for reform, and the reform proposed was the adoption of the single transferable vote form of P. R. Norway was unsuccessful in its efforts; it was difficult to achieve reform once the machinery of the League had been established.

We, who are confident of the ultimate triumph of free institutions, foresee that there will and must be many new developments in their organization; it is wise to

study and to plan; and the Proportional Representation Society is making a contribution of high value to the evolution of democratic government in preparing the way for reform, in urging that electoral laws should embody principles that command men's intellectual assent and respect.

### *The British P.R. Society*

The annual meeting of the British P. R. Society was held in a committee room of the House of Commons on June 14, 1939, with the Right Honorable Earl Grey, president of the Society, in the chair. The main business of the meeting was the consideration of the annual report referred to above. It was discussed by Cecil H. Wilson, H. Leslie Boyce, and T. Edmund Harvey, members of Parliament representing different political faiths; F. W. Baldwin, a former member of the legislature of Nova Scotia; and Mrs. C. I. Hilyer, a member of the town council of Bournemouth. A cable of greeting was sent to the Proportional Representation League of the United States.

One of the society's many activities during the past year was a very successful week-end school held at Cleveleys, near Blackpool, from Friday, September 30th, to Monday, October 3rd. "The opening address," says the society's report, "was given by Alderman Ashton, ex-Mayor of Blackpool. The subjects dealt with included a survey of the results of P. R. in Ireland over a period of seventeen years; P. R. in New York; a comparison of different methods of election—first-past-the-post, the block vote, the second ballot, the alternative vote; replies to objections; methods of election and the making of history."[2]

[2]See the article on this subject by John H. Humphreys, secretary of the British P. R. Society, in the NATIONAL MUNICIPAL REVIEW for April 1938.

The society recently received a reversionary bequest of ten thousand pounds from Sir Robert McDougall, who had also contributed liberally during his lifetime. On the death of Lady McDougall shares now bearing that value are to be sold "for the creation of a special fund to be held at the disposal of the governing body [of the British P. R. Society] for a specific purpose at the choice and in the discretion of the governing body, such fund to bear the name of the Arthur McDougall Fund." Believers in the fundamental importance of electoral justice in the United States could do much to insure the continuance of present efforts to that end by following Sir Robert's example. The Proportional Representation League, now operating as a department of the National Municipal League, is incorporated and its trustees are in a position to administer such bequests in accordance with the donor's wishes.

## TWENTY-ONE TENNESSEE CITIES

(Continued from Page 654)

private capital, which held aloof through fear the TVA would build competing systems and destroy the value of the existing property.

EDITOR'S NOTE.—Actual sale of the properties involved, including the transfer of all necessary documents, deeds, and mortgage releases, took place in New York City on August 15th, at an elaborate ceremony held in one of the oldest and richest of that city's banks—the First National. Present were Wendell L. Willkie, president of the Commonwealth and Southern Corporation; David E. Lilienthal, power director of the TVA; Governor Prentice Cooper of Tennessee; Thomas C. Cummings, mayor of Nashville; and many other prominent public officials.

# Books in Review

EDITED BY ELSIE S. PARKER

**A Short History of Political Thinking.** By Paul W. Ward. Chapel Hill, University of North Carolina Press, 1939. 127 pp. $1.50.

Announcement has been made of the formation of a society for the study of the history of ideas. This is a sign that mankind is coming of age. The librarian will have to give a great deal of space to books dealing with political thinking, both because of its importance and because of the tremendous amount that has been done. Certainly more space will be required than suggested by the competent bibliography which takes up over four pages of this book. All the more need will there be in such a library for small books, which, if they are well done, will change awe to interest in anyone appalled by the field to be covered. Such a book this is and fortunate will be the student who uses it, for it can be said that it is written in "technicolor."

But there is another group which needs it greatly. All those connected with government, whether as officials or laymen, are dealing with and are profoundly affected by the ideas this little book puts in their historical setting. To get a sense of how most of these ideas came to be born, and the strange vicissitudes some have had since, is to be much better equipped for one's job. This book will enable anyone in politics to get more pleasure than Sigmund Spaeth gets in detecting the original sources of tin pan alley songs, for this not only enables one to spot the echo of a long dead Egyptian in the economics of a Townsendite speech, but it lays bare the sources of what one imagines are his own original political ideas. Hence modesty arises and then, maybe, wisdom. A little book which can achieve that effect is worth not only reading but frequent reference.

W. J. M.

**Your City.** By E. L. Thorndike. New York City, Harcourt, Brace and Co., 1939. 204 pp. $2.00.

The word "yard" comes from "garth" or "girth" and time was when the official yard was the distance around the middle of the reigning king. Hence the variation between the yard of the anemic and ascetic Edward the Confessor and that of the valiant trencherman, Henry VIII. It took us several hundred years to agree to accept as a yard the distance between two scratches on an iridio-platinum bar of a certain temperature.

This book was written because it was felt that measurements are badly needed in a certain field—cities. And so a start is made with another king. He is quite a modern person, for in lieu of coats-of-arms and quarterings, none of them with the bar sinister, he is so smothered with scatter-charts, correlation tables, and such like heraldic devices that were patiently constructed in the three years it took to write this book, that it is hard to get a glimpse of him. He does not have an impediment in his speech but nevertheless uses a dialect only used by those who on occasion wear a monastic gown. In a moment of weakness he whispers his name on page 28 and it is quite imposing—"honest humanist." But as we watch him thereafter go through the mathematical gymnastics of the book, one wonders whether he may not be Dr. Thorndike himself.

But why worry; it may be several hundred years before we substitute two scratches for the average, the median, or the mode, of the likes, and the dislikes, of all the honest humanists that have been, are, or ever will be.

Therefore this reviewer suggests that civic clubs, leagues of voters, and similar groups, work through the ten exercises in arithmetic, "Measure Your City," on pages

153-155. It will be fun doing them so long as the answers are not viewed in the same category as Michelson's figure as to the velocity of light. The last chapter, however, "Improve Your City," should not be read by such organizations—they usually include a few persons without a sense of humor. The chapter should be headed "To be read only by reformers with a sense of humor." It will not hurt the sale of the book for the number is far more than is realized. Then when one of them needs relief from the irritation or boredom of reforming, it should be read. Laughter and chuckles will ensue, but I am afraid this will occur at the places the good doctor did not intend.

W. J. M.

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**Pressures on the Legislature of New Jersey.** By Dayton D. McKean. New York, Columbia University Press, 1938. 251 pp. $2.75.

Outside the unsophisticated environs of a class in high school civics, there are no longer many adults who believe that laws are made by wise men who get together to figure out what is best for the state or the nation. Years ago Lincoln Steffens and the mud-rakers performed the act of disillusionment, and recent senatorial investigations in the nation and other kinds of exposés in the various states and cities have helped pile the evidence high. It is true that pressure groups—some of them frankly and boldly economic-minded ones —provide the grist of legislation for busy inexpert legislators; and it is even true, many admit, that those pressure groups are performing an essential and not wholly evil service.

Hence Professor McKean's book is important not so much for its startling revelations as for its painstaking setting down of all the facts about a single situation: the influence of pressure groups on the work of the legislature of New Jersey. He has examined the economic, geographic, legal, and social background from which the legislature and the pressure groups spring; has listed the representative groups and their methods of work; has illustrated the effects of pressure groups by giving the whole story of the fight over the New Jersey sales tax; and has set down some realistic, albeit pessimistic conclusions.

Professor McKean minimizes the importance of corrupt methods of influencing the work of New Jersey law-makers, which comes somewhat as a surprise to one who has followed recent scandals involving highly corrupt pressure on the New York State legislature—a law-making body which seems to be several notches superior in general calibre to that of the state across the river. As a one-time member of the state legislature, however, Mr. McKean *should* know.

M. R.

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**A Standard Classification of Municipal Revenues and Expenditures.** By National Committee on Municipal Accounting. Chicago, 1939. x, 103 pp. $1.00.

The improved method of classifying the municipal income and spending recommended by this volume is the result of five years of study and analysis of financial reports from 150 cities of varying size. The book sets up a standardized method of reporting all information necessary for sound financial management of a city, which, if generally adopted, would provide more specific information on city finances and also furnish a basis for comparisons between cities.

Prepared for the use of municipalities as part of their accounting systems, the classification is usable by all cities, irrespective of size, activities, structure, or present system of accounting. With adaptations, it can be applied to other public units. It is designed also for use by state and federal agencies in developing uniform classifications for reporting purposes.

**State Aid to Local Government in California.** By Winston W. Crouch. Berkeley, University of California Press, 1939. 199 pp. $2.00.

The history of state aid in California is virtually coincident with the history of the state. "California began subsidizing local school administration in 1852." Other types of financial assistance to local governments followed in quick succession. The author discusses state aid for schools, poor relief, unemployed, health, highways, conservation, and, what is somewhat unique, the granting of tidelands to municipalities and other local governments.

The author raises the question as to whether state aid does not continue the existence of weak and inefficient governental units. He cites the problem of small mountain counties which are forced to rely upon the state for a major share of elementary school funds. All in all, the author finds that local units of government are "growing more dependent upon the state for financial support" and that the "state in turn has exacted some compliance with standards and has exerted both legislative and administrative control."

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**The Management of Municipal Public Works.** By Donald C. Stone, Chicago, Public Administration Service, 1939. xv, 344 pp. $3.75.

This book is the first presentation of a thorough-going analysis of the factors involved in the management of a city's works program. The author has attempted to trace the essentials of management and to translate them into terms of municipal public works administration. The facts presented are based to a large extent upon actual installations of public works procedure in various cities and make the book a practical working tool for the administrator as well as a comprehensive handbook for the student. Numerous forms, which have been tested by actual use in various cities, are used as illustrative material and add much to the usefulness of the volume.

**City Planning—Why and How.** By Harold MacLean Lewis. New York, Longmans, Green & Company, 1939. xxi, 257 pp. $2.50.

This volume attempts to set forth in simple language the need and advantages of planning for the future growth and change which takes place in a municipality. It is comprised of two main sections the first of which discusses the "whys" of city planning, the second its "hows." The author has tied both the "whys" and "hows" to the ordinary activities of citizens in order that planning will not be thought of as a science to be dealt with only by trained technicians but as something intimately tied to his daily routine and personal welfare.

A chapter on conclusions together with a short bibliography and index complete the book, which is well illustrated with maps and diagrams taken from planning studies in many different cities.

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## Additional Books and Reports Received[1]

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### *Assessments*

**Judicial Review Agencies.** Fifth Progress Report of the Committee on Assessment Organization and Personnel. Chicago, National Association of Assessing Officers, 1939. 30 pp. mimeo. Seventy-five cents.

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### *Civil Service*

**Employee Training Policy.** Report of Committee on In-Service Training. Washington, D. C., United States Department of Agriculture, Office of Personnel, 1939. iv, 40 pp. mimeo.

**Research in Public Personnel Administration**—Scope and Method. By Leonard D. White. New York, Committee on Public Administration, Social Science

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[1]See also "Research Reports Received," page 658.

Research Council, 1939. iv, 36 pp. Fifty cents.

**The Lawyer in the Civil Service**—Recruitment, Selection and Opportunities. By H. Eliot Kaplan. (Report of The Committee on Municipal Civil Service and Improvement of Governmental Personnel.) Chicago, American Bar Association, 1939. 15 pp.

### *County Government*

**County Consolidation Acts of 1939.** Nashville, Tennessee State Planning Commission, 1939. viii, 17 pp. mimeo.

### *Elections*

**Objections to P. R. Answered.** By John H. Humphreys. London, Proportional Representation Society, 1939. 32 pp. 6d.

**The Initiative and the Referendum in California.** By V. O. Key, Jr., and Winston W. Crouch. Berkeley, California, University of California Press, 1939. vii, 176 pp. $1.75.

### *Housing*

**Annual Report of the United States Housing Authority 1938.** Washington, D. C., Government Printing Office, 1939. vii, 63 pp.

**What the Housing Act Can Do for Your City.** By United States Housing Authority. Washington, D. C., Superintendent of Documents, 1938. vi, 88 pp. illus. Twenty cents.

### *Municipal Government*

**City Problems of 1938-39.** The Annual Proceedings of the United States Conference of Mayors, New York City, May 15-17, 1939. Edited by Paul V. Betters. Washington, D. C., The United States Conference of Mayors, 1939. iv, 108 pp. $3.00.

**History of the London County Council 1889-1939.** By Sir Gwilym Gibbon and Reginald W. Bell. London, Macmillan & Co., Limited, 1939. xxvi, 696 pp. $7.00.

**Municipal Government and Administration in Tennessee.** By Lyndon E. Abbott and Lee S. Greene. Knoxville, Tennessee, University of Tennessee, 1939. 128 pp.

**Report of the Committee on Consolidation and Reorganization of City and County Government.** Chicago, American Bar Association, 1939. 10 pp. mimeo.

### *Public Health and Welfare*

**Migrant Families.** By John N. Webb and Malcolm Brown. Washington, D. C., United States Government Printing Office, 1938. xxx, 192 pp.

**Public Health Law** (Third edition). By James A. Tobey. New York City, The Commonwealth Fund, 1939. xx, 414 pp. $3.50.

### *Public Works*

**Public Works Engineers' Yearbook 1939.** Including the Proceedings of the 1938 Public Works Congress, New York City, October 3-5, 1938. Chicago, American Public Works Association, 1939. viii, 457 pp. $3.50.

### *Recreation*

**Local Community Fact Book 1938.** By Louis Wirth and Margaret Furez, with the aid of Edward L. Burchard. Chicago, Chicago Recreation Commission, 1938. 160 pp. $1.00 (Apply to Municipal Reference Library, City Hall, Chicago).

**Recreation by Community Areas in Chicago** (Chicago Recreation Survey Vol. IV). By Arthur J. Todd in collaboration with William F. Byron and Howard L. Vierow. Chicago, Chicago Recreation Commission, 1939. 428 pp. Charts, tables pictures.